



TN

Department of

Financial Institutions

2017 Annual Report

Tennessee Department of Financial Institutions | 43rd Annual Report |





Dear Governor Haslam and Citizens of the State of Tennessee:

I am pleased to present the 43rd Annual Report of the Department of Financial Institutions.

The Department regulates banks, credit unions, trust companies, business and industrial development corporations, industrial loan and thrift companies, insurance premium finance companies, mortgage lenders, brokers, servicers and originators, title pledge lenders, check cashers, deferred presentment services companies, money transmitters and flexible credit act lenders.

We play a vital role in regulating and supporting the financial services industry and ensuring that Tennessee financial institutions remain fiscally strong and comply with governing authority.

The Department's mission is to ensure a safe and sound system of state-chartered institutions for Tennessee citizens, while giving institutions the opportunity to contribute to economic progress. In short, we seek to find balanced regulation. The condition of the Tennessee banking system continues to improve from the economic downturn. Tennessee state-chartered depository institutions remain well positioned to continue serving their communities.

Although continued consolidation within the banking industry is anticipated in 2018, total loans and assets continue to increase and the complexity and breadth of operations continue to grow. The first state banking charter since 2008 was approved and issued in 2017. The Department also received a second application for a new Tennessee state bank in 2017.

The Department recommends legislation in 2018. We recommend legislation that allows family private trust companies to serve up to 35 full-time employees of a family affiliate and that sets out the Department's process for modifying or revoking an exemption from the provisions of the Tennessee Banking Act previously granted to a family private trust company. We also recommend legislation amending the Financial Institutions Conversion Act that would authorize an out of state financial institution to apply under the Act to convert to a Tennessee chartered financial institution.

The Department continues to develop and implement its Regulatory Balance mission for depository institutions. Department examiners seek to right size regulation to the merits of each institution and avoid a one size fits all approach in order to support the Governor's economic goals for Tennessee. The Tennessee banking system is critical to the state's economic vitality and the Department's balanced regulatory approach supports economic progress.

With respect to non-deposit companies, the Department has established a risk focused examination program that establishes a risk profile on licensed locations so that we can focus more resources on companies that are high risk. The goal is to improve the operations of non-deposit companies by sharing risk assessment information with each licensee.

In an effort to support the efficient and effective regulation of financial institutions, the Department implemented Alternative Workplace Solutions to reduce the office space that the Department is assigned by nearly 75%, avoiding over \$400,000 in annual cost. Nearly 90% of Department staff are either a mobile worker or working from home. The expectation is to better retain employees and create more experience to further help us find regulatory balance.

Our experience indicates that financial literacy is one of the keys to dealing with the economic issues facing us today. The Department has initiated a number of activities in recent years. Public service announcements, workshops, consumer alerts, panel discussions and an effort to reach Tennessee teachers and students were all a part of this effort. I serve on the board of the Tennessee Financial Literacy Commission. The mission of the Tennessee Financial Literacy Commission is to equip Tennesseans to make sound financial decisions when it comes to planning, saving and investing. A financially literate public is a key factor in establishing a safe and sound system of financial institutions.

Throughout this report you will find additional information related to the work of this agency, as well as the condition of the entities the Department regulates. As you read this report, you will notice that Tennessee remains a premier state for banking, trust and financial services companies. On behalf of the employees of the Department, this report is respectfully submitted.

Sincerely,



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OUR MISSION:

The primary statutory mission of the Department of Financial Institutions is to provide the people of Tennessee with a safe and sound system of banks and other institutions by ensuring safety and soundness and compliance with governing law, while giving institutions the opportunity to contribute to the economic progress of Tennessee and the nation.

OUR VISION:

Our vision is the establishment of a regulatory program that provides for a sound state financial services system within which institutions have the opportunity to succeed and serve their communities by encouraging commerce while there is strong enforcement of laws and regulations to protect citizens.



Commissioner Greg Gonzales

Greg Gonzales is the 18th commissioner of the Tennessee Department of Financial Institutions, who began serving in this role in 2005, and was reappointed by Governor Bill Haslam. He has served in the department since 1986. In this position, Gonzales serves as Tennessee's chief regulatory officer of all state-chartered depository and licensed non-depository financial institutions. Additionally, he has served as assistant commissioner and general counsel for the department.

Gonzales is a past Chairman of the Conference of State Bank Supervisors (CSBS), which is the professional organization of state banking commissioners in the United States. Commissioner Gonzales, for a number of years, served as a member of the Board of Directors of the Money Transmitter Regulators Association (MTRA), an organization of a majority of the states that regulate funds transfer companies. He serves as Chairman of the State Liaison Committee that incorporates the state supervisory perspective into the Federal Financial Institutions Examination Council. The FFIEC affects regulatory guidance on all depository financial institutions in the United States. He served on the U.S. Treasury's Bank Secrecy Act Advisory Group. Commissioner Gonzales currently serves on the Board of Directors of the Tennessee Financial Literacy Commission. Gonzales also currently serves on a national task force studying how new technologies are affecting the U.S. payment systems.

Commissioner Gonzales was born in Cookeville, Tennessee and graduated Cum Laude in Cursu Honorum with a bachelor's degree from Tennessee Technological University in 1980. Gonzales served as a research assistant in 1980 to Sir Patrick Cormack, a Conservative Party member of the British Parliament. He earned a law degree from the University of Tennessee in 1984.

Commissioner Gonzales is an avid baseball fan and has rooted for the Chicago Cubs since the 1960s, which has taught him great life lessons in perseverance and that loyalty is eventually rewarded.



DEPARTMENT OVERVIEW

TOTAL NUMBER OF STATE-CHARTERED INSTITUTIONS Fiscal Year June 30, 2016 vs. Fiscal Year June 30, 2017

| CHARTERS | June 30, 2016 | June 30, 2017 |
|---------------------------------|---------------|---------------|
| Commercial Banks/Savings Banks | 145 | 138 |
| Trust Companies | 10 | 10 |
| Credit Unions | 87 | 85 |
| TOTAL NUMBER OF CHARTERS | 242 | 233 |

TOTAL NUMBER OF LICENSED OR REGISTERED NON-DEPOSITORY FINANCIAL INSTITUTIONS AND INDIVIDUALS Fiscal Year June 30, 2016 vs. Fiscal Year June 30, 2017

| LICENSEES/REGISTRANTS | June 30, 2016 | June 30, 2017 |
|---|---------------|---------------|
| Business and Industrial Development Corporations (BIDCOS) | 1 | 1 |
| Check Cashing Companies | 563 | 550 |
| Deferred Presentment Services Providers | 1,052 | 961 |
| Flexible Credit Lenders | 463 | 568 |
| Insurance Premium Finance Companies | 54 | 50 |
| Industrial Loan and Thrift Companies | 1,410 | 1,102 |
| Money Transmitters | 102 | 114 |
| Mortgage Companies | 606 | 620 |
| Mortgage Loan Originators | 10,215 | 11,966 |
| Title Pledge Lenders | 960 | 830 |
| TOTAL NUMBER OF LICENSEES/REGISTRANTS | 15,426 | 16,762 |

TOTAL REFUNDED TO CONSUMERS PER INDUSTRY Fiscal Year Ending June 30, 2017

| LICENSEES / REGISTRANTS | TOTAL |
|---|-----------------------|
| Check Cashing Companies | \$1,456.74 |
| Deferred Presentment Services Providers | \$263,328.22 |
| Flexible Credit Lenders | \$1,248,963.40 |
| Mortgage Companies | \$976,934.50 |
| Industrial Loan and Thrift Companies | \$38,346.70 |
| Insurance Premium Finance Companies | \$64.09 |
| Title Pledge Lenders | \$124,036.74 |
| TOTAL REFUNDED | \$2,653,130.39 |

TDFI/TEMA CYBERSECURITY EXERCISE

The Department of Financial Institutions (TDFI) conducted a 2017 Cybersecurity Exercise on June 14, 2017 at the Department of Labor & Work Force Development, 220 French Landing Way, Nashville, Tennessee. The exercise was conducted in the Tennessee Room on the First Floor of the Department of Labor & Work Force Development building which is TDFI's alternative location in the event the Tennessee Tower main office location is not available. This cybersecurity exercise afforded executive staff the opportunity to familiarize themselves with the alternative location, as well as, participate in the first ever internal cybersecurity exercise. The event included a cybersecurity table-top exercise with assistance from the Federal Deposit Insurance Corporation (FDIC), and speakers from the Federal Bureau of Investigation (FBI) and cybersecurity industry. This provided insight to cybersecurity processes to protect our financial institution industries. All areas of the department participated in the exercise consisting of the Commissioner, Deputy Commissioner, Bank Division, Compliance Division, Credit Union Division, Legal Section, Consumer Resources Section, Human Resources, Strategic Technology Solutions, and Public Information Officer. The exercise acclimated personnel to aspects of responsibilities in the event a Tennessee financial institution is successfully attacked by cyber operatives. The event objectives were:

- Determine department responsibilities and actions in regards to a cyber-attack on a financial institution.
- Develop a standard operating procedure for the department's response to a cyber-attack against a financial institution.
- Identify department resources available to financial institutions in regards to cybersecurity attacks.



The exercise was designed to facilitate the department's readiness in the event a financial institution is subjected to cybersecurity issues and our role to assist the financial institution to ensure minimal impact to customers, personnel, and community. These sessions provided the exploration of the aspects in identifying, measuring, monitoring, and controlling risk associated with cybersecurity. Through lectures, cybersecurity test, and table top exercises, individuals were challenged to participate in discussions and outline official standard operating procedures to ensure continued operations in the event a financial institution is impacted.

The department's cybersecurity training exercise was further utilized in building and completing a Tennessee Financial Institution Cybersecurity Exercise in Nashville, Jackson, and Knoxville in October, 2017, which was one of the first in the country sponsored by a financial institution regulatory agency for banks, credit unions, and public trust companies. The exercise was attended by ninety-three (93) Tennessee Financial Institutions with 144 participants. The exercise included speakers from the FBI; U.S. Secret Service; US Department of Homeland Security; Tennessee Emergency Management Agency (TEMA); the cybersecurity industry; and the TDFI. The department continues to plan for future cybersecurity training events in 2018.

ADMINISTRATIVE DIVISION

The Administrative Division manages the department's budget and oversees fiscal services, human resources, training and development, legal, information systems, and consumer resources. Therefore, the Administrative Division provides support to the three regulatory divisions.



COMMISSIONER'S OFFICE

Greg Gonzales, Commissioner
Alica Owen, Executive Assistant/Public Information Officer
Herb Kraycirik, CPA, CGFM, Audit Director

ADMINISTRATIVE DIVISION

Tina G. Miller, Deputy Commissioner
Christy Adams, Administrative Services Manager
Joyce Simmons, Chief Regulatory Accountant

CONSUMER RESOURCES SECTION

Alan Smith, Consumer Resources Director
Alicia Gay, Administrative Services Assistant
Bettye Osborne, Administrative Services Assistant

HUMAN RESOURCES SECTION

Leslie Yanez, M.S., SPHR, SHRM-SCP, HR & Training Director
Teri Crow, HR Analyst
Carmen McCreedy, Administrative Services Assistant
Kelley Murray, HR Assistant

FISCAL SECTION

Michelle Berry, CPA, Budget/Fiscal Director
James Stack, Budget Analyst

LEGAL SECTION

Marsha Anderson, General Counsel
Sarah Branch, Assistant General Counsel
Paula Cagle, Executive Administrative Assistant
Denise Cole, Deputy General Counsel
Daniel Espensen, Assistant General Counsel
Mark Kilpatrick, Assistant General Counsel
Troy McPeak, Assistant General Counsel
Eric Rogers, Chief Legal Counsel-Compliance Division
Todd Staley, Legislative Liaison/Assistant General Counsel

Personnel Designation: M.S., Master's Degree, SPHR, Senior Professional of Human Resources, SHRM-SCP, Society of Human Resource Management-Senior Certified Professional, CPA, Certified Public Accountant, CGFM, Certified Government Financial Manager



FISCAL REVIEW

2017 FUNDING SOURCES

| REVENUE SOURCES | AMOUNT (ROUNDED TO NEAREST HUNDRED DOLLARS) | PERCENT OF TOTAL REVENUE COLLECTED |
|----------------------------|--|---|
| Bank Division Fees | \$10,533,800 | 56% |
| Credit Union Division Fees | \$2,203,200 | 12% |
| Compliance Division Fees | \$5,937,000 | 32% |
| TOTAL REVENUES | \$18,674,000 | 100% |

The Department of Financial Institutions receives no federal or state taxpayer funds and is fully funded by the fees assessed to the financial institutions regulated and supervised by the department.

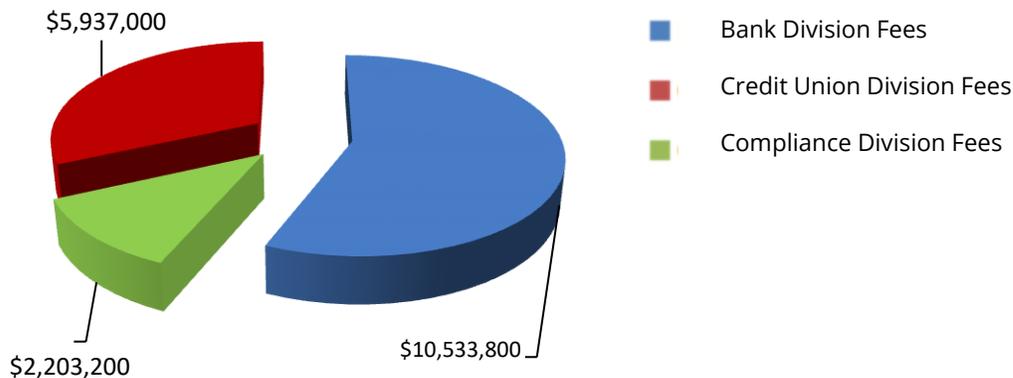
In addition to the 2017 revenue source chart, in late FY 2012, the department received one time settlement funds totaling \$1,000,000 from a nationwide

settlement. At June 30, 2016, the remaining balance of these funds totaled \$672,600 and was carried forward to FY 2017.

The department's regulatory oversight includes:

State-Chartered Banks
 State-Chartered Credit Unions
 Business and Industrial Development Corporations (BIDCOS)
 Trust Companies
 Check Cashing Companies
 Deferred Presentment Services Providers
 Flexible Credit Lenders

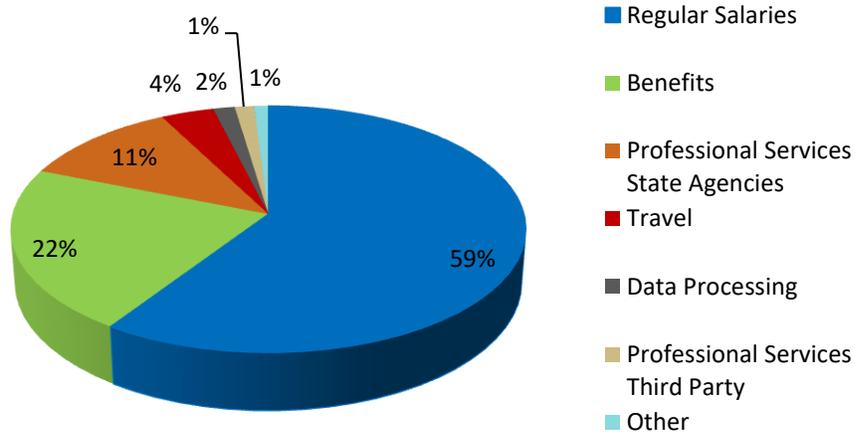
Industrial Loan and Thrift Companies
 Insurance Premium Finance Companies
 Money Transmitters
 Residential Mortgage Lenders, Brokers and Servicers
 Mortgage Loan Originators
 Title Pledge Lenders



2017 EXPENDITURES

| EXPENDITURE CATEGORY | AMOUNT (ROUNDED TO NEAREST HUNDRED DOLLARS) | PERCENT OF TOTAL EXPENDITURES |
|--------------------------------------|---|-------------------------------|
| Regular Salaries | \$10,127,800 | 59% |
| Benefits | \$3,703,700 | 22% |
| Professional Services State Agencies | \$1,932,400 | 11% |
| Travel | \$638,000 | 4% |
| Data Processing | \$260,800 | 2% |
| Professional Services Third Party | \$231,100 | 1% |
| Other | \$173,200 | 1% |
| TOTAL EXPENDITURES | \$17,067,300 | 100% |

EXPENDITURES



HUMAN RESOURCES AND TRAINING SECTION

The Human Resources and Training Section in the TDFI Administrative Division coordinates and provides customer service to employees on issues/matters related to benefits, time and labor processing, policy clarification, personnel file management, recruitment and hiring, performance management, employee relations, worker's compensation, Family Medical Leave, ADA/AACAA Accommodations and other matters related to an employee's welfare and/or job performance. We also provide Edison support by ensuring employee's personnel records and training records are updated in Edison. In addition to supporting our employees, the Human Resources and Training Section staff works collectively with department management and leadership to provide reports and data related to turnover, demographics, staffing, leave accruals and other information related to personnel and staffing. We also work collectively with management to establish position classifications to ensure we maintain a qualified, experienced staff able to carry out the department's regulatory responsibilities.



Over the past few years, the State of Tennessee has worked to develop and improve a performance management system that directs employee performance through SMART work outcomes. Department management has worked diligently to ensure that Individual Performance Plans have work outcomes that meet the SMART format criteria. Following an audit conducted by the Department of Human Resources, TDFI was ranked as the number one state agency for the highest percentage of work outcomes compliant with the SMART format. Department management have also participated in training on the State of Tennessee Talent Management process to further support our efforts to develop a qualified workforce and assist us in our succession planning efforts.

During this past year, greater emphasis has been placed on employee development. As a Certified Learning Facilitator, the Human Resources Director facilitates training for staff and management related to state and department policies as well as Department of Human Resources curricula. Having our own certified Learning Facilitator has afforded the department greater flexibility to ensure staff and management are able to participate in required and requested training in a manner that can accommodate their regulatory and examination responsibilities. TDFI is dedicated to developing a competent leadership team and has embraced the mindset of continuous learning. In that effort, department management have been working to complete the learning modules in the State of Tennessee Management and Leadership Learning Pyramid. As of June 30, 2017, 97% of the department's management staff completed level one and 90% have completed level two of the learning pyramid.

In addition to the examiner training that many of our staff participates in each year, leadership development has become increasingly important to TDFI. During this past year, we had one employee participate in and graduated from Tennessee Government Executive Institute; one employee participated in and graduated from Tennessee Government Management Institute; two employees participated in and graduated from LEAD Tennessee; one employee participated in and graduated from Accelerated Leadership Institute and fifteen employees participated in and graduated from our own Commissioner's Leadership Academy, developed in consultation with the Department of Human Resources. The Commissioner's philosophy that all employees have the opportunity to be a leader in their current position has resulted in staff from all position classifications being afforded the chance to participate in the Commissioner's Leadership Academy.

The department's efforts to participate in the state's Alternative Workforce Solutions program continue to be successful and staff have worked to embrace available technology for meetings and some training that can be accomplished outside of a classroom setting. As of June 30, 2017, only sixteen (16) department employees are permanently assigned work on a daily basis in the Nashville office. 90% of our department employees are classified as either mobile workers or work at home. Mobile workers generally report on a daily basis to a financial institution to participate in an examination. On days when they do not report to a financial institution, they work at home. Employees classified as work at home, generally work at home a minimum of three (3) days per week and work at the office on an average of two (2) days per week. Implementation of AWS has reduced office expenses, employee travel and parking in the Nashville area as well as increased productivity and improved morale. The ability to work at home has resulted in lower utilization of sick leave as well as enabled staff to work at home in lieu of utilizing Administrative Leave with Pay when inclement weather has resulted in the closing of state offices.



2016/2017 Commissioner's Leadership Academy Graduates pictured above left to right: Gina Tarolli—Bank Division, Denise Cole—Administrative Division/Legal, Alan Smith—Administrative Division/CRS, Sherri Cassetty—Bank Division, Chad Haney—Compliance Division, Paula Cagle—Administrative Division/Legal, Mark Herren—Bank Division, Teri Crow—Administrative Division/HR, Daniel Espensen—Administrative Division/Legal, Jim Eller—Credit Union Division, Phil Stafford—Bank Division, Debra Grissom—Bank/Credit Union Division, Robert Walker—Compliance Division. Not pictured: Robert Heisse—Credit Union Division and Joshua Evans—Credit Union Division.

LEGAL SECTION

The Legal Section provides legal advice and representation for the department. It is comprised of a general counsel, seven staff attorneys and one legal assistant.

The Legal Section advises the Commissioner and departmental personnel in all legal matters affecting the department. They work closely with regulated entities and the general public in addressing legal issues. They also work with the Governor's Office and the Tennessee General Assembly on legislative issues affecting financial institutions.



The Legal Section also assists in the coordination of enforcement initiatives with other federal and state regulators as well as with various law enforcement agencies. The Legal Section represents the department in all administrative enforcement actions initiated by the various divisions in the department.

The Legal Section was heavily involved in the 2017 legislative session by analyzing and tracking bills, working closely with the Governor's Office, the General Assembly, and other groups sponsoring legislation which impacted the department. The Legal Section provided assistance to divisions on a myriad of legal issues, ranging from issues pertaining to bank, trust company and credit union applications and operations, consumer lenders, including industrial loan and thrift companies, title pledge lenders, deferred presentment services providers, and flexible credit lenders, to issues involving mortgage companies, mortgage loan originator registration, money transmitter licensing, and check cashers, as well as other areas requiring legal expertise.

2017 LEGISLATION

Public Chapter 122 – Amends T.C.A. Title 45, Chapters 5, 13, 15 and 18; Title 56 Chapter 37

Effective Dates: Various effective dates.

Public Chapter 122 amends the Industrial Loan and Thrift Companies Act (T.C.A. §§ 45-5-101 et seq.), the Tennessee Title Pledge Act (T.C.A. §§ 45-15-101 et seq.), the Check Cashing Act of 1997 (T.C.A. §§ 45-18-101 et seq.), and the Premium Finance Company Act of 1980 (T.C.A. §§ 56-37-101 et seq.) to authorize the commissioner to require persons subject to these acts to be registered/licensed through a multi-state automated licensing system (known as the NMLS). Because the NMLS requires registration/licensing expiration dates to be set to December 31, Public Chapter 122 further changes the annual registration/license expiration dates from March 31 to December 31 for industrial loan and thrift companies (beginning in 2018), check cashers (beginning in 2018) and premium finance companies (beginning in 2019) and provides for appropriate transition periods to such expiration dates.

Public Chapter 122 also amends the Tennessee Residential Lending, Brokerage and Servicing Act, specifically at T.C.A. § 45-13-208, by eliminating an annual reporting requirement for mortgage licensees because the information is otherwise available to the department from other required reports. (Effective July 1, 2017).

Public Chapter 164 – Amends T.C.A. Title 45, Chapter 5, Part 3

Effective Date: April 24, 2017

Public Chapter 164 amends the Industrial Loan and Thrift Companies Act, specifically at T.C.A. § 45-5-301(2), by authorizing registrants under the Act to charge interest at any rate not in excess of a maximum effective rate of thirty percent (30%) per annum on loans where the total amount of the loan is one hundred dollars (\$100) up to five thousand dollars (\$5,000). Public Chapter 164 further provides that, where the total amount of the loan is more than five thousand dollars (\$5,000), the maximum effective rate of interest remains at twenty four percent (24%) per annum.

Public Chapter 190 – Amends T.C.A. Title 45, Chapter 4, Part 4

Effective Date: April 24, 2017

Public Chapter 190 amends T.C.A. Title 45, Chapter 4, Part 4, specifically § 45-4-405(a), by increasing from ten thousand dollars (\$10,000) to fifteen thousand dollars (\$15,000), the aggregate amount that a credit union may disburse from a decedent's account or safe deposit box in cases where no executor or administrator has qualified and provided notice to the credit union.

Public Chapter 225 – Amends T.C.A. Title 45, Chapter 2, Part 19

Effective Date: July 1, 2017

Public Chapter 225 amends the provisions in the Tennessee Banking Act relating to credit card state banks, specifically T.C.A. § 45-2-1904(a), by increasing the rate of interest that may be charged under these provisions from twenty-one percent (21%) to an annual rate not exceeding thirty percent (30%) per year or at an equivalent daily, weekly, monthly, or quarterly rate.

Public Chapter 264 – Amends T.C.A. Title 45, Chapters 2 and 10

Effective Date: July 1, 2017

Public Chapter 264, in Section 1, enacts the "Elderly and Vulnerable Adult Financial Exploitation Prevention Act." In general, this Act, allows, but does not require, a "financial service provider" who has reasonable cause to suspect that "financial exploitation" may have occurred, may have been attempted, or is being attempted, to refuse or delay a "financial transaction" on an account of an "elderly adult" or "vulnerable adult", on an account of which the elderly adult or vulnerable adult is a beneficiary or of an account of a person suspected of perpetrating financial exploitation. This Act further sets out the time and circumstances in which the financial service provider's refusal to conduct or hold a financial transaction expires. Moreover, this Act allows, but does not require, a financial service provider to offer an elderly or vulnerable adult the opportunity to submit a list of persons to contact when the financial service provider has reasonable cause to suspect financial exploitation and specifies others, in addition to those on the list, that the financial service provider may notify when the financial service provider has reasonable cause to suspect financial exploitation. This Act also allows a financial service provider to refuse to accept a power of attorney when there is reasonable cause to suspect financial exploitation by the agent or person acting for or

with the agent. Additionally, this Act contains certain immunity provisions pertaining to actions taken pursuant to the Act. On June 30, 2022, this Act shall be repealed.

Public Chapter 264, in Sections 2-4, makes amendments to the Financial Records Privacy Act (T.C.A. §§ 45-10-101 et seq.). Specifically, Public Chapter 264 adds a new section, T.C.A. § 45-10-119, which, among other things, requires financial institutions to provide access to or copies of records in response to certain administrative subpoenas issued by the department of human services, adult protective services. Further, Public Chapter 264 updates § 45-10-109, pertaining to charges for producing records in response to a subpoena by replacing a reference to the internal revenue service with a reference to a financial institution's published fee schedule, and also makes changes to § 45-10-103(8) regarding furnishing of information or records in response to certain subpoenas.

Public Chapter 264, Section 5, amends the Tennessee Banking Act at T.C.A. § 45-2-704(a)(5) to allow a bank to recover costs, including attorneys' fees, in interpleader actions involving deposit accounts made in trust, whether the interpleader action is initiated by the bank or the bank joins in, is joined into, or defends in any manner, the interpleader action.

Pursuant to Public Chapter 264, Section 6, the Department of Financial Institutions is encouraged to consult with financial service providers, the Tennessee Commission on Aging and Disability and the Department of Human Services to consider distributing public education and information to alert the public to the dangers posed to elderly and vulnerable adults by financial exploitation.

RULEMAKING

Amendment to Chapter 0180-09 and Repeal of Rule 0180-09-01.02 – Rules Pertaining to State Chartered Credit Unions

Effective Date: April 17, 2017

Rule 0180-09-01-.01 provided that state chartered credit unions making certain borrowings disclose that the borrowed obligation is not a deposit and is not insured by the National Credit Union Administration **or the State Credit Union Share Insurance Corporation** (a now defunct private insurer of certain credit union deposits) (emphasis added). Because the State Credit Union Share Insurance Corporation is no longer in existence, the amendment to Rule 0180-09-01-.01 removed the reference to this defunct entity.

Rule 0180-09-01-.02 provided that a state-chartered credit union may not, without the prior approval of the Commissioner, purchase fixed assets if its investments in fixed assets will exceed five percent (5%) of its total assets. A federal rule (at 12 C.F.R. § 701.36) previously contained a similar restriction applicable to federal credit unions, but that rule was amended to remove the restriction. Under Tennessee law at T.C.A. § 45-4-501(9), state-chartered credit unions are generally allowed to engage in any activity that they could engage in if they were a federally chartered credit union, subject to the Commissioner's regulation for safety and soundness. Accordingly, the department no longer applies the restrictions of Rule 0180-09-01-.02 to state-chartered credit unions and, therefore, the rule was repealed.

Repeal of Chapter 0180-14 – Rules Pertaining to Other Real Estate

Effective Date: July 12, 2017

Public Chapter 233 of the Acts of 2013, effective April 19, 2013, amended the Tennessee Banking Act, specifically T.C.A. § 45-2-607(b)(2), by setting forth the procedures for state banks to dispose of real property acquired in satisfaction of a loan. Rule 0180-14-.01 defines “other real estate owned” as real property acquired by a bank in satisfaction of a loan and Rule 0180-15-4-.02 sets forth the procedures for disposition of other real estate. Public Chapter 233 incorporated into T.C.A. § 45-2-607(b)(2) certain language from Rule 0180-14-.02 pertaining to disposition of other real estate along with substantive amendments. As a result, Public Chapter 233 rendered each provision of Chapter 0180-14, Rule 0180-14-.01 and Rule 0180-14-.02 ineffective and/or unnecessary. Accordingly, Chapter 0180-14 was repealed.

Amendment to Chapter 0180-24 – Rules Pertaining to Home Equity Conversion Mortgages

Effective Date: April 17, 2017

The Home Equity Conversion Mortgage Act (T.C.A. §§ 47-30-101, et seq.) states that only authorized lenders shall engage in the business of making reverse mortgages. The Tennessee housing development agency, and any bank, savings institution, or credit union may be designated as authorized lenders of reverse mortgage loans by providing notice to the Commissioner. See, T.C.A. § 47-30-103(b). All other persons, pursuant to T.C.A. § 47-30-103(c), shall submit an application for authorization to make reverse mortgage loans containing the information required in T.C.A. § 47-30-103(c) and Rule 0180-24-.04 of the Rules of the Department of Financial Institutions. Application requirements for authorization to make reverse mortgage loans are found in T.C.A. § 47-30-103(c) and in Chapter 0180-24 at Rule 0180-24-.04. Rule 0180-24-.04(2)(i) states that the application shall, among other requirements, include “a copy of the most recent federal tax return for each of the applicant’s executive officers”. This rule amendment deleted the application requirement of submitting a copy of the most recent federal tax return for each of the applicant’s executive officers.



CONSUMER RESOURCES SECTION

The Consumer Resources Section reviews and tracks consumer complaints, fosters community outreach and encourages financial education in Tennessee.

In 2017, the Consumer Resources Section reached some notable milestones since the development of this section of the department in 2004. The Section has processed more than 6,800 total complaint files also exceeded \$500,000 in total refunds and/or waived fees through the consumer complaint process, over the 14 years of its existence.



CONSUMER PROTECTION

The Section's key responsibility is to receive and process consumer complaints. The Department of Financial Institutions is the primary state agency that has statutory jurisdiction to process consumer concerns and complaints involving financial institutions operating under the various laws our department administers in Tennessee. The Consumer Resources Section processes all complaints related to financial institutions that are chartered/licensed by the department. If the department

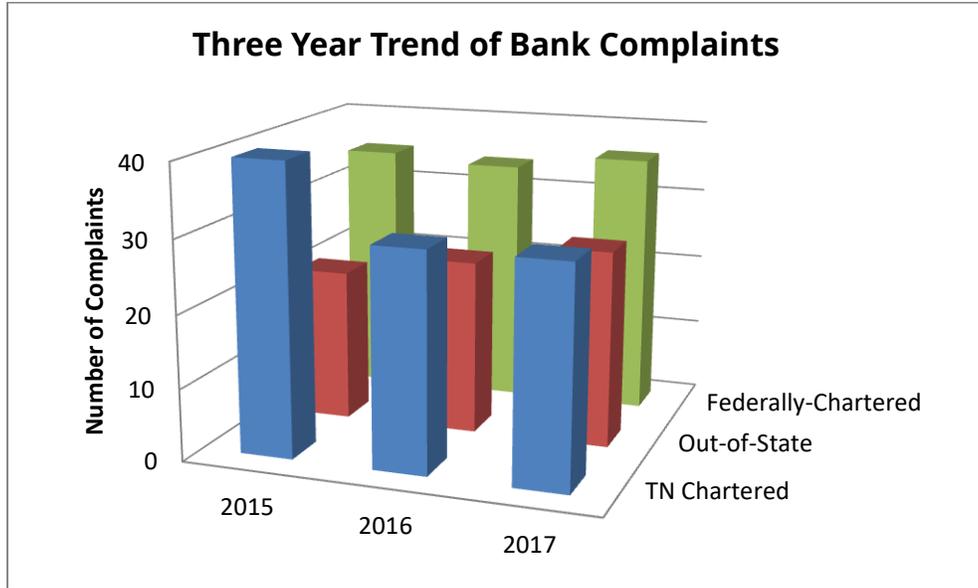
receives information that does not fall within our jurisdiction, those inquiries or complaints are forwarded to the appropriate agency and the consumer is advised accordingly.

The Section's routine practice is to submit the consumer's written complaint to the financial institution for response. Within its jurisdiction, the Section serves as an intermediary between the consumer and the institution against which the complaint is filed.

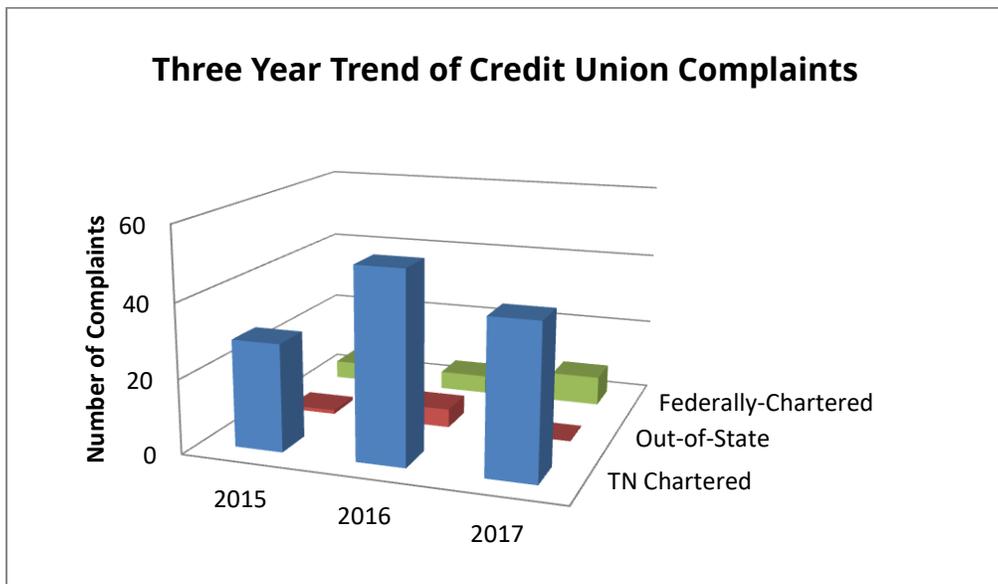
The Section processed a total of 359 formally filed consumer complaints throughout calendar year 2017. These were received from 64 of the state's 95 counties (67.37%). A total of 52 (14.48%) complaints were filed by out of state residents. Additionally, of the total number of complaints that were filed, 164 or 45.68% were submitted using the department's online consumer complaint form.

Shelby County residents had the highest number of complaints filed with 56 (18.24% of total Tennessee resident filed complaints). Complainants from the four largest counties in the state-Davidson, Shelby, Knox and Hamilton, comprised 45.9% of all of the complaints filed by Tennessee citizens with 141. The complete county listing of consumer complaints filed in 2017 appears later in this report on page 21.

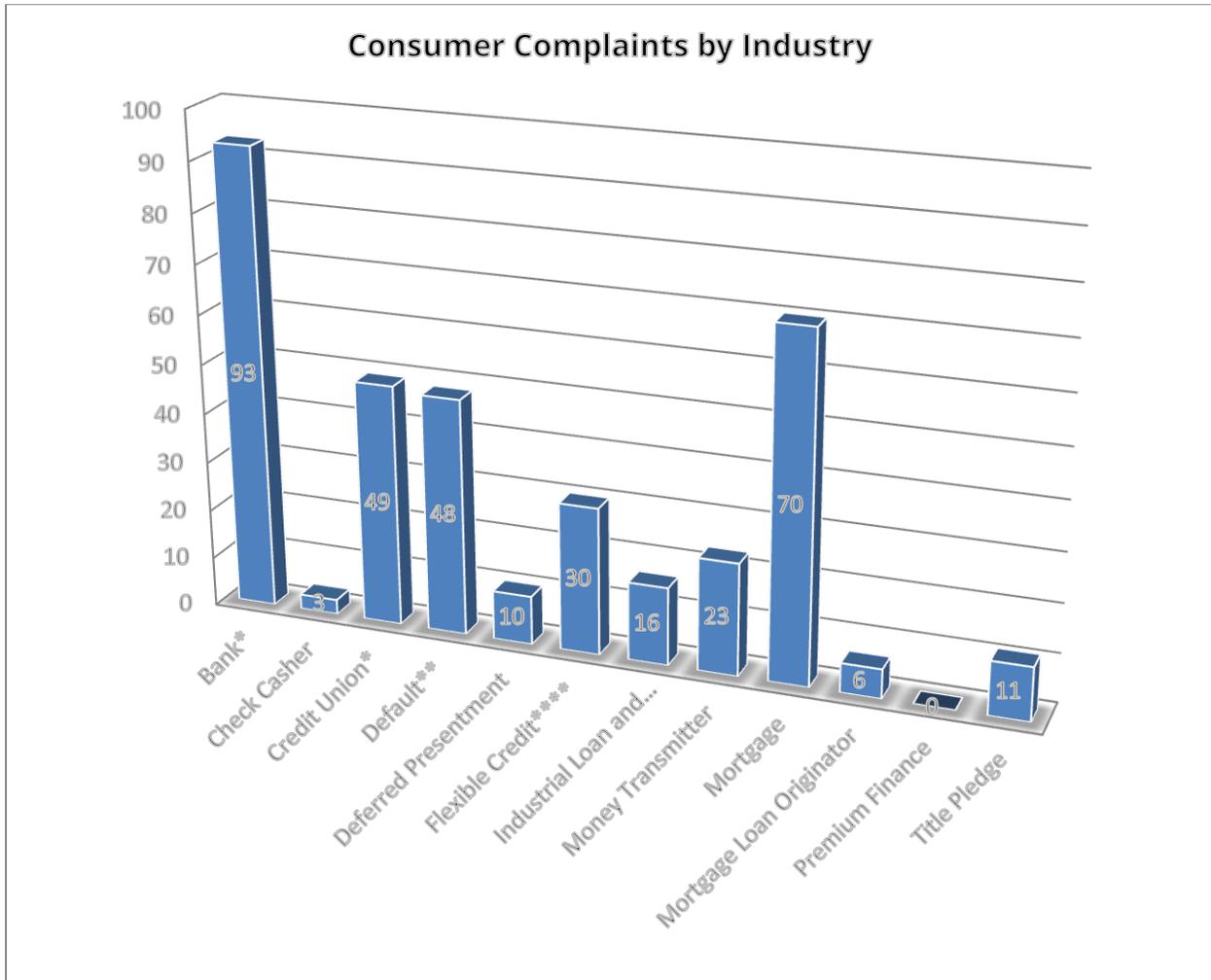
The following graphic shows the three-year (3 Year) trend for bank complaints the Section has received, based on the specific charter type of the institution named in the complaint. Complaints against federally-chartered and out-of-state banks have increased slightly during this time period, while Tennessee chartered banks have trended lower the past two years.



The next graphic shows the three-year (3 Year) trend for the various credit union complaints the Section has received. This is also based on whether the credit union is federally-chartered, out-of-state, or a Tennessee chartered credit union. All three charter types have fluctuated over the past three years.



The following graphic shows a listing of the complaints received against the various types of financial institutions regulated by the TDFI.



*Calendar year ending December 31, 2017

*Bank and credit union data includes federally-chartered, out-of-state and Tennessee chartered institutions.

**DEFAULT category contains complaints against financial institutions and/or companies that were not subject to the department's regulation and the complaint was referred to the correct agency holding jurisdiction or regulatory authority.

***Tennessee Industrial Loan and Thrift Companies

**** Flexible Credit Loans became effective January 1, 2015



While some of the complaints received may have more than one allegation mentioned by the consumer, the following listing contains the Top Ten most frequently alleged situations:

TOP TEN CONSUMER COMPLAINT ALLEGATIONS

| RANK | ALLEGATION | # |
|------|--|----|
| 1 | Customer Service Issues | 34 |
| 2 | Payment Processing-Payment History Dispute | 30 |
| 3 | Account Balance Discrepancy | 23 |
| 4 | Application Processing Issues | 20 |
| 5 | Unapproved Account Withdrawal | 18 |
| 6 | High Interest Rate | 15 |
| 7 | Scams | 15 |
| 8 | Foreclosure Issues | 15 |
| 9 | Credit Bureau Reporting Information | 15 |
| 10 | Loan Modification Issues | 12 |

From the complaints reviewed and processed in 2017, consumers received \$46,660.49 in the form of direct credits, refunds to their accounts, physical checks made payable to the complainant or waived fees on their account. There were also a number of accounts that resulted in some form of a workout payment arrangement in an effort to assist the complainant in making their payments on their loans, which may have been in dispute when they submitted their complaint. The complete refunds by industry type are shown below:

| REFUND/WAIVED FEE AMOUNT | PROFESSION CODE | INDUSTRY |
|-----------------------------|----------------------|-------------------------|
| | 1 | Default |
| | 100 | TILT |
| \$555.51 | 150 | Flexible Credit |
| \$5,031.53 | 200 | Mortgage |
| \$775.00 | 220 | MLO |
| \$52.92 | 300 | Deferred Presentment |
| \$55.00 | 350 | Title Pledge |
| | 400 | Premium Finance |
| \$760.00 | 500 | Check Casher |
| | 600 | Money Transmitter |
| \$2,884.45 | 700 | Credit Union |
| \$27,447.70 | 800 | Bank |
| \$46,660.49 | Total Refunds | 2017 |

TOTAL COMPLAINTS BY COUNTY

| County | Total Complaints | Percent % | County | Total Complaints | Percent % | County | Total Complaints | Percent % |
|--------------|------------------|-----------|------------|------------------|-----------|--------------|------------------|---------------|
| Out of State | 52 | 14.48% | Hamblen | 3 | 0.84% | Moore | 0 | 0.00% |
| Anderson | 5 | 1.39% | Hamilton | 20 | 5.57% | Morgan | 2 | 0.56% |
| Bedford | 4 | 1.11% | Hancock | 0 | 0.00% | Obion | 1 | 0.28% |
| Benton | 1 | 0.28% | Hardeman | 1 | 0.28% | Overton | 2 | 0.56% |
| Bledsoe | 0 | 0.00% | Hardin | 1 | 0.28% | Perry | 0 | 0.00% |
| Blount | 5 | 1.39% | Hawkins | 2 | 0.56% | Pickett | 0 | 0.00% |
| Bradley | 4 | 1.11% | Haywood | 2 | 0.56% | Polk | 0 | 0.00% |
| Campbell | 0 | 0.00% | Henderson | 0 | 0.00% | Putnam | 2 | 0.56% |
| Cannon | 0 | 0.00% | Henry | 2 | 0.56% | Rhea | 1 | 0.28% |
| Carroll | 1 | 0.28% | Hickman | 0 | 0.00% | Roane | 0 | 0.00% |
| Carter | 4 | 1.11% | Houston | 0 | 0.00% | Robertson | 3 | 0.84% |
| Cheatham | 2 | 0.56% | Humphreys | 2 | 0.56% | Rutherford | 12 | 3.34% |
| Chester | 1 | 0.28% | Jackson | 0 | 0.00% | Scott | 0 | 0.00% |
| Claiborne | 1 | 0.28% | Jefferson | 4 | 1.111% | Sequatchie | 2 | 0.56% |
| Clay | 0 | 0.00% | Johnson | 1 | 0.28% | Sevier | 9 | 2.51% |
| Cocke | 1 | 0.28% | Knox | 24 | 6.69% | Shelby | 56 | 15.60% |
| Coffee | 3 | 0.84% | Lake | 0 | 0.00% | Smith | 0 | 0.00% |
| Crockett | 2 | 0.56% | Lauderdale | 0 | 0.00% | Stewart | 0 | 0.00% |
| Cumberland | 1 | 0.28% | Lawrence | 1 | 0.28% | Sullivan | 3 | 0.84% |
| Davidson | 41 | 11.42% | Lewis | 0 | 0.00% | Sumner | 7 | 1.95% |
| Decatur | 0 | 0.00% | Lincoln | 1 | 0.28% | Tipton | 4 | 1.11% |
| Dekalb | 1 | 0.28% | Loudon | 1 | 0.28% | Trousdale | 0 | 0.00% |
| Dickson | 2 | 0.56% | McMinn | 1 | 0.28% | Unicoi | 0 | 0.00% |
| Dyer | 4 | 1.11% | McNairy | 0 | 0.00% | Union | 1 | 0.28% |
| Fayette | 3 | 0.84% | Macon | 0 | 0.00% | Van Buren | 0 | 0.00% |
| Fentress | 0 | 0.00% | Madison | 6 | 1.67 | Warren | 4 | 1.11% |
| Franklin | 1 | 0.28% | Marion | 0 | 0.00% | Washington | 1 | 0.28% |
| Gibson | 0 | 0.00% | Marshall | 2 | 0.56% | Wayne | 0 | 0.00% |
| Giles | 1 | 0.28% | Maury | 4 | 1.11% | Weakley | 2 | 0.56% |
| Grainger | 1 | 0.28% | Meigs | 0 | 0.00% | White | 1 | 0.28% |
| Greene | 3 | 0.84% | Monroe | 1 | 0.28% | Williamson | 10 | 2.79% |
| Grundy | 1 | 0.28% | Montgomery | 5 | 1.39% | Wilson | 7 | 1.95% |
| | | | | | | Total | 359 | 100.0% |

CONSUMER EDUCATION

A key strategy in helping protect consumers is to develop and coordinate educational resources that can assist consumers in making informed financial decisions. Education is a powerful financial literacy tool. Consumers who understand their rights and responsibilities are better equipped to make sound financial decisions. The staff essentially provides one-on-one personal financial education on a daily basis through phone calls, letters and e-mail correspondence with consumers.



One of the goals of the Section is to ensure that all Tennesseans have access to financial literacy programs that will help them make better money management decisions. The Commissioner is a board member of the Tennessee Financial Literacy Commission, which is to act as a clearing house for financial literacy activity in Tennessee and is to give input to the effort to increase financial literacy in elementary schools. We were privileged to partner with a number of agencies to promote savings in conjunction with

America Saves Week. Throughout calendar year 2017, the Section continued its partnership with Tennessee Jumpstart, A Coalition for Personal Financial Literacy. We also continued to serve on the Advisory Council for Bank on Music City, which is an initiative to reach the un-banked and under-banked in Nashville-Davidson County and the surrounding counties. The Section strengthened its relationship with the Nashville Alliance for Financial Independence.

The Section continues to issue our quarterly newsletter titled *"Spotlight on Finance"* that is sent to more than 40,000 state employees. The newsletter is posted on the department's website and copies are passed out at some of the outreach presentations.

FINANCIAL EDUCATION OUTREACH

The following is a listing of the presentations made or brochures provided to various groups during 2017:

- Woodbine Community Organization-Nashville
- Friends for Life-Memphis
- Tennessee State University 3rd Annual Financial Literacy Awareness Day-Nashville
- 8th Annual Senior Expo at Matthew Walker Health Center-Nashville
- Second Missionary Baptist Church Health and Wellness Expo-Nashville
- Pinnacle Bank Client Seminar-Shelbyville

BANK DIVISION

The Bank Division has legal responsibility for ensuring that the Tennessee state-chartered banking system runs on a safe and sound basis. The division's risk-focused approach seeks to achieve the department's mission of balancing safety and soundness with affording institutions the opportunity to contribute to economic development. In its supervisory role, the Bank Division periodically examines the financial soundness of all state-chartered banks, savings banks and independent non-depository trust companies.

The department met the statutory obligation of examining all institutions within a 12-month or an 18-month basis. This was accomplished through coordination with federal banking agencies.

Bank examiners perform evaluations of each institution's assets, liabilities, income and expenses; monitor compliance with governing laws and regulations; and rate the effectiveness of the institution's management. The adequacy of capital is assessed to ensure the protection of depositors. In addition, examiners review the Information Technology (IT) functions of state-chartered institutions for compliance with generally accepted IT practices and adherence to departmental regulations.

Bank Division staff also examines Business and Industrial Development Companies (BIDCOs) for compliance with governing statutes and evaluates applications for new institutions, branches, expanded financial activities and corporate reorganizations.

The Bank Division is accredited by the Conference of State Bank Supervisors.



ADMINISTRATION

Tod Trulove, Assistant Commissioner, CEM
Todd Rice, Chief Administrator – Examinations, CEM
Debra Grissom, Chief Administrator – Applications
Wade McCullough, Chief Administrator – Trust, CEIC
Clyde McClaran, Division Training Director
James Dewhirst, Consumer Compliance Liaison
William Cook, Applications Analyst

Justin McClinton, Safety & Soundness Administrator
Philip Ruffin, Chief Administrator – Large Banks
Ekaette Udoumana, Safety & Soundness Administrator
Grant Casselberry, Program Administrator – Large Banks
Memory Little, Executive Administrative Assistant
Gina Tarolli, Executive Administrative Assistant

EXAMINATION PERSONNEL

WEST TENNESSEE DIVISION

Danny Nolen, Bank Division Manager, CEM
Timothy Runions, Bank Regional Supervisor, CEIC
Phillip Stafford, Bank Regional Supervisor, CEIC
Roxanne Taylor, FI Special Examiner Trust, CEIC
Vicki Ivey, Bank Off-Site Monitoring Coordinator, CEIC
Toniece Johnson, Bank Examiner 4, COE
Kenneth Oliver, Bank Examiner 4, CPA
Stephen Koffman, Bank Examiner 3
Teresa Curtis, Bank Examiner 3

Holly Ragan, Bank Examiner 3
Jeffrey Rial, Bank Examiner 3
Courtney Hopper, Bank Examiner 2
Cheena Keltner, Bank Examiner 2
Blake Mascolo, Bank Examiner 2
Angelyn Williams, Bank Examiner 2
Brittany Williams, Bank Examiner 2
Drew Jordan, Bank Examiner 1

MIDDLE TENNESSEE DIVISION

Mike Sisk, Bank Division Manager, CEIC
Storm Miller, Bank Regional Supervisor, CEM
Edward Black, Bank Regional Supervisor
Sherri Cassetty, Bank Off-Site Monitoring Coordinator, CEIC, CFE
Gerald Proby, IT Bank Examiner
Mark Herren, Bank Examiner 3
John Tubb, Bank Examiner 4
Alan Kirkwood, Bank Examiner 3
Jordan Brown, Bank Examiner 2

Matthew Hogan, Bank Examiner 2
Michael Glaser, Bank Examiner 2, CFE
Darnell Tate, Bank Examiner 2
James Alley, Bank Examiner 1
Cody Durham, Bank Examiner 1
Anne Mauldin, Bank Examiner 1
Maggie Ragan, Bank Examiner 1
Zach Tarwater, Bank Examiner 1
Kyle Wright, Bank Examiner 1

EAST TENNESSEE DIVISION

Jessica Huff, Bank Division Manager
Chad Holbert, FI Special Examiner Trust
Jonathan Piper, Bank Off-Site Monitoring Coordinator, CEIC
Josh Robertson, IT Bank Examiner
Anthony Valentino, Bank Examiner 4
James Cody Jordan, Bank Examiner 4
Jamice Lane-Washburn, Bank Examiner 4

Joy Seaver, Bank Examiner 4
Michael Blair, Bank Examiner 2
Ashley McClellan, Bank Examiner 2
Madison McMahan, Bank Examiner 2
Penny Peterson, Bank Examiner 2
Corey Wright, Bank Examiner 2
Samuel England, Bank Examiner 2

Personnel Designation: ACISE, Associate Certified Information Systems Examiner; CEIC, Certified Examiner-in-Charge; CEM, Certified Examinations Manager; CFE, Certified Fraud Examiner; COE, Certified Operations Examiner; CPA, Certified Public Accountant



East Tennessee Bank Examiners



Middle Tennessee Bank Examiners



West Tennessee Bank Examiners



Nashville Office

APPLICATION ACTIVITIES FY 16-17

NEW BANKS OPEN

- There were no new bank openings in fiscal year 2016-17.

BANK MERGERS

- Avenue Bank, Nashville, TN, merged with and into Pinnacle Bank, Nashville, TN, under the title of Pinnacle Bank (July 2016)
- Franklin County United Bank, Decherd, TN, merged with and into Citizens Tri-County Bank, Dunlap, TN, under the title of Citizens Tri-County Bank (August 2016)
- Southern Heritage Bank, Cleveland, TN, merged with and into First Citizens National Bank, Dyersburg, TN under the title of First Citizens National Bank (September 2016)
- American Trust Bank of East Tennessee, Knoxville, TN, merged with and into Citizens Bank, Elizabethton, TN, under the title of Citizens Bank (December 2016)
- American Patriot Bank, Greeneville, TN, merged with and into Apex Bank, Camden, TN, under the title of Apex Bank (December 2016)
- TriSummit Bank, Kingsport, TN, merged with and into HomeTrust Bank, Asheville, NC, under the title of HomeTrust Bank (January 2017)
- Reelfoot Bank, Union City, TN, merged with and into Security Bank and Trust Company, Paris, TN, under the title of Security Bank and Trust Company (March 2017)
- Bank of North Carolina, Thomasville, NC, merged with and into Pinnacle Bank, Nashville, TN, under the title of Pinnacle Bank (June 2017)

BANK CONVERSIONS

- There have been no bank conversions during fiscal year 2016-2017.

BANK CLOSURES

- There have been no bank closures during fiscal year 2016-2017.

BIDCO TRANSACTIONS

- There were no BIDCO application transactions in fiscal year 2016-17.

NEW TRUST COMPANIES OPEN

- There have been no new trust companies opened in fiscal year 2016-2017.

INFORMATION AT A GLANCE (AS OF JUNE 30, 2017)

BANK REGULATED INSTITUTIONS:

138 Banks
10 Independent non-depository public trust companies
1 BIDCO

BANK DATA CONSOLIDATED TOTAL ASSETS:

\$74.4 billion, representing a \$13.4 billion or 21.91 percent increase since June 30, 2016

CONSOLIDATED CAPITAL:

\$9.6 billion, representing 12.91 percent of total assets

RETURN ON AVERAGE ASSETS (ROAA):

Median ROAA of 0.92 percent with a median Net Interest Margin of 4.06 percent (includes all banks)

ALLOWANCE FOR LOAN AND LEASE LOSSES (ALLL):

Median ALLL to total loans and leases ratio of 1.21 percent

PAST DUE RATIO:

Median past due ratio of 1.52 percent

TRUST COMPANY DATA TOTAL CONSOLIDATED CORPORATE ASSETS:

\$96.2 million, representing a reduction of approximately 5 percent compared to the same period in 2016

AGGREGATED NET INCOME FOR TRUST COMPANIES:

\$3.8 million, representing a 9.5 percent increase compared to the same period in 2016

TRUST ASSETS UNDER MANAGEMENT AND/OR CUSTODY:

Reflects an increase of 15 percent from \$23 billion to \$26.4 billion, inclusive of assets invested in common/collective trust funds.

BUSINESS AND INDUSTRIAL DEVELOPMENT CORPORATION (BIDCOS)

Tennessee Code Annotated, Section 45-8-225 (Report of Accomplishments) requires a report to be published annually that summarizes the accomplishments of BIDCOs operating in Tennessee. The one BIDCO licensed for the calendar year 2017 provided no financing to small businesses, minority owned businesses, or businesses owned by female proprietors.

TENNESSEE STATE-CHARTERED BANKS
CONSOLIDATED BALANCE SHEET (IN MILLIONS)
As of June 30, 2016 and June 30, 2017

| ASSETS | June 30, 2017 | June 30, 2016 | \$ CHANGE | % CHANGE |
|--|----------------------|----------------------|------------------|-----------------|
| Cash and Due From Banks | 3,422 | 3,335 | 87 | 2.61% |
| Securities | 12,271 | 10,847 | 1,424 | 13.13% |
| Federal Funds Sold and Securities | 308 | 454 | -146 | -32.16% |
| Agreement to Resell | | | | |
| Loans and Leases Held for Sale | 1,059 | 945 | 114 | 12.06% |
| Loans and Leases, Net of Unearned | 51,598 | 41,799 | 9,799 | 23.44% |
| Allowance for Loan and Lease Losses | -492 | -499 | 7 | -1.40% |
| Assets Held in Trading Accounts | 9 | 13 | -4 | -30.77% |
| Premises and Fixed Assets | 1,316 | 1,120 | 196 | 17.50% |
| Other Real Estate Owned | 219 | 276 | -57 | -20.65% |
| Investments in Unconsolidated | 183 | 155 | 28 | 18.06% |
| Intangible Assets | 2,180 | 752 | 1,428 | 189.89% |
| Other Assets | 2,346 | 1,847 | 499 | 27.02% |
| TOTAL ASSETS | 74,419 | 61,044 | 13,375 | 21.91% |
| LIABILITIES | | | | |
| Non-Interest Bearing Deposits | 12,265 | 9,424 | 2,841 | 30.15% |
| Interest Bearing Deposits | 48,753 | 41,121 | 7,632 | 18.56% |
| TOTAL DEPOSITS | 61,018 | 50,545 | 10,473 | 20.72% |
| Federal Funds Purchased and Securities | 516 | 427 | 89 | 20.84% |
| Repurchase Agreement | | | | |
| Trading Liabilities | 1 | 5 | -4 | -80.00% |
| Other Borrowed Money | 2,656 | 2,561 | 95 | 3.71% |
| Other Liabilities | 619 | 654 | -35 | -5.35% |
| TOTAL LIABILITIES | 64,810 | 54,193 | 10,617 | 19.59% |
| Minority Interests in Unconsolidated Subsidiaries | 1 | 0 | 1 | |



TENNESSEE STATE-CHARTERED BANKS
CONSOLIDATED BALANCE SHEET (IN MILLIONS)
As of June 30, 2016 and June 30, 2017

| EQUITY CAPITAL | June 30, 2017 | June 30, 2016 | \$ Change | % Change |
|--|----------------------|----------------------|------------------|-----------------|
| Preferred Stock | 23 | 24 | -1 | 4.17% |
| Common Stock | 359 | 366 | -7 | -1.91% |
| Surplus | 5,806 | 3,323 | 2,483 | 74.72% |
| Undivided Profits | 3,428 | 3,024 | 404 | 13.36% |
| Accumulated Other Comprehensive Income | -3 | 119 | -122 | -102.52% |
| Other Equity Capital Components | -5 | -5 | 0 | 0.00% |
| TOTAL EQUITY CAPITAL | 9,609 | 6,851 | 2,758 | 40.26% |
| TOTAL LIABILITIES AND EQUITY | 74,419 | 61,044 | 13,375 | 21.91% |

TENNESSEE STATE-CHARTERED BANKS
CONSOLIDATED INCOME STATEMENT (IN MILLIONS)
Six months ending June 30, 2016 and June 30, 2017

| | JUNE 30, 2017 | JUNE 30, 2016 |
|-------------------------------------|----------------------|----------------------|
| Interest Income | 1303 | 1181 |
| Interest Expenses | 153 | 128 |
| NET INTEREST INCOME | 1150 | 1053 |
| Non-Interest Income | 339 | 328 |
| Non-Interest Expense | 923 | 890 |
| Provision for Loan and Lease Losses | 45 | 32 |
| Securities Gains/Losses | 1 | 9 |
| Pre-Tax Net Income | 522 | 468 |
| Applicable Income Taxes | 144 | 117 |
| NET OPERATING INCOME | 378 | 351 |
| Extraordinary Gains/Losses | 0 | 0 |
| NET INCOME | 378 | 351 |
| TOTAL CASH DIVIDENDS | 128 | 140 |

**TENNESSEE STATE-CHARTERED BANKS
SUMMARY OF INDIVIDUAL BANKS (IN THOUSANDS)**

| | | (A) | (B) | (C) | (D) | (E) | (F) | (G) | (H) | (I) | (J) | |
|--------------|---|---------|-----------|-------------|-------------------|--------------|--------------|-----------|-------------------|------|---------|------------|
| City | Institution | Cash | Invest | Total Loans | Loan Loss Reserve | Other Assets | Total Assets | Deposits | Other Liabilities | MIUS | CAPITAL | Net Income |
| ADAMSVILLE | Farmers & Merchants Bank | 8,228 | 9,602 | 21,748 | 437 | 1,090 | 40,231 | 35,551 | 40 | 0 | 4,640 | 184 |
| ASHLAND CITY | Community Bank & Trust | 7,647 | 86,761 | 133,274 | 2,276 | 12,168 | 237,574 | 195,412 | 19,907 | 0 | 22,255 | 912 |
| ATWOOD | Citizens Bank & Trust Company | 2,266 | 13,416 | 9,558 | 86 | 532 | 25,686 | 23,271 | 81 | 0 | 2,334 | 76 |
| BARTLETT | Bank of Bartlett | 19,318 | 102,817 | 198,960 | 2,216 | 40,564 | 359,443 | 321,982 | 10,203 | 0 | 27,258 | 862 |
| BELLS | Bank of Crockett | 5,998 | 94,929 | 51,125 | 657 | 9,640 | 161,035 | 141,373 | 1,705 | 0 | 17,957 | 1,172 |
| BOLIVAR | Merchants & Planters Bank | 10,131 | 20,857 | 49,991 | 877 | 6,964 | 87,066 | 72,319 | 3,550 | 0 | 11,197 | 312 |
| BRENTWOOD | Reliant Bank | 30,051 | 181,289 | 731,950 | 9,385 | 68,504 | 1,002,409 | 840,366 | 51,288 | 0 | 110,755 | 4,656 |
| BRIGHTON | Brighton Bank | 2,561 | 4,605 | 48,101 | 435 | 2,578 | 57,410 | 54,096 | 151 | 0 | 3,163 | 272 |
| BROWNSVILLE | INSOUTH Bank | 6,716 | 38,814 | 245,836 | 1,599 | 20,144 | 309,911 | 269,869 | 10,125 | 0 | 29,917 | 1,357 |
| BYRDSTOWN | People's Bank and Trust Company of Pickett County | 11,484 | 16,319 | 84,469 | 1,475 | 4,805 | 115,602 | 100,379 | 631 | 0 | 14,592 | 617 |
| CAMDEN | Apex Bank | 37,325 | 8,102 | 444,720 | 5,506 | 50,213 | 534,854 | 428,559 | 24,072 | 0 | 82,223 | 11,675 |
| CARTHAGE | Citizens Bank | 11,211 | 365,137 | 196,238 | 1,605 | 9,573 | 580,554 | 479,800 | 1,901 | 0 | 98,853 | 6,661 |
| CHATTANOOGA | First Volunteer Bank | 140,058 | 49,866 | 724,654 | 9,234 | 57,379 | 962,723 | 852,795 | 9,304 | 0 | 100,624 | 6,603 |
| CLARKSVILLE | F&M Bank | 21,635 | 48,553 | 827,100 | 2,068 | 101,765 | 996,985 | 808,260 | 75,225 | 0 | 113,500 | 3,813 |
| CLARKSVILLE | First Advantage Bank | 10,601 | 47,267 | 459,957 | 6,767 | 33,308 | 544,366 | 417,816 | 62,589 | 0 | 63,961 | 2,159 |
| CLARKSVILLE | Legends Bank | 17,514 | 86,478 | 325,845 | 3,294 | 24,527 | 451,070 | 397,496 | 10,929 | 0 | 42,645 | 1,720 |
| CLARKSVILLE | Cumberland Bank and Trust | 16,365 | 15,540 | 135,414 | 1,737 | 9,504 | 175,086 | 153,352 | 877 | 0 | 20,857 | 855 |
| CLEVELAND | Bank of Cleveland | 17,964 | 5,242 | 222,246 | 2,841 | 14,443 | 257,054 | 215,489 | 1,565 | 0 | 40,000 | 1,937 |
| CLIFTON | Peoples Bank | 7,673 | 18,512 | 130,623 | 1,416 | 16,802 | 172,194 | 150,805 | 5,686 | 0 | 15,703 | 776 |
| COLLIERVILLE | BankTennessee | 15,994 | 18,247 | 227,173 | 3,601 | 26,834 | 284,647 | 253,204 | 1,540 | 0 | 29,903 | 1,989 |
| COLLIERVILLE | Landmark Community Bank | 16,513 | 128,111 | 738,489 | 7,598 | 34,370 | 909,885 | 737,020 | 93,572 | 0 | 79,293 | 3,874 |
| COLUMBIA | First Farmers and Merchants Bank | 40,017 | 398,007 | 858,781 | 9,259 | 77,358 | 1,364,904 | 1,185,608 | 62,096 | 95 | 117,105 | 5,363 |
| COLUMBIA | Community First Bank & Trust | 62,711 | 72,726 | 308,279 | 3,708 | 36,049 | 476,057 | 426,795 | 2,616 | 0 | 46,646 | 1,598 |
| COLUMBIA | Heritage Bank & Trust | 5,307 | 17,130 | 90,391 | 1,710 | 8,701 | 119,819 | 104,084 | 3,930 | 0 | 11,805 | 565 |
| COOKEVILLE | Bank of Putnam County | 70,529 | 262,213 | 400,036 | 2,785 | 32,275 | 762,268 | 695,602 | 9,484 | 0 | 57,182 | 3,581 |
| COOKEVILLE | Putnam 1st Mercantile Bank | 4,739 | 21,316 | 93,339 | 1,418 | 3,274 | 121,250 | 107,087 | 494 | 0 | 13,669 | 865 |
| CORDOVA | First Alliance Bank | 11,251 | 8,216 | 103,671 | 1,097 | 8,914 | 130,955 | 112,974 | 4,473 | 0 | 13,508 | 172 |
| DECATURVILLE | Decatur County Bank | 6,709 | 30,152 | 49,560 | 601 | 6,780 | 92,600 | 78,714 | 6,002 | 0 | 7,884 | 420 |
| DICKSON | Bank of Dickson | 8,950 | 82,620 | 133,394 | 1,317 | 6,297 | 229,944 | 193,609 | 6,808 | 0 | 29,527 | 771 |
| DICKSON | First Federal Bank | 70,658 | 201,656 | 220,905 | 4,284 | 30,808 | 519,743 | 444,532 | 17,023 | 0 | 58,188 | 4,201 |
| DICKSON | TriStar Bank | 6,255 | 56,025 | 170,573 | 1,800 | 19,641 | 250,694 | 210,451 | 17,871 | 0 | 22,372 | 910 |
| DUNLAP | Mountain Valley Bank | 7,199 | 19,188 | 65,084 | 614 | 6,173 | 97,030 | 87,968 | 182 | 0 | 8,880 | 151 |
| DUNLAP | Citizens Tri-County Bank | 41,847 | 272,131 | 465,588 | 6,425 | 43,247 | 816,388 | 725,914 | 6,584 | 0 | 83,890 | 6,278 |
| DYER | The Farmers & Merchants Bank | 3,313 | 59,398 | 30,478 | 134 | 9,257 | 102,312 | 88,291 | 4,747 | 0 | 9,274 | (607) |
| ELIZABETHTON | Citizens Bank | 26,062 | 228,352 | 567,694 | 4,661 | 34,032 | 851,479 | 694,816 | 54,356 | 478 | 101,829 | 7,887 |
| ELIZABETHTON | Security Federal Bank | 3,083 | 12,674 | 43,151 | 432 | 4,190 | 62,666 | 46,185 | 6,506 | 0 | 9,975 | 276 |
| ERIN | Traditions First Bank | 11,791 | 29,924 | 73,985 | 648 | 5,688 | 120,740 | 106,068 | 1,265 | 0 | 13,407 | 434 |
| FARRAGUT | SouthEast Bank | 54,398 | - | 1,213,914 | 4,643 | 63,630 | 1,327,299 | 1,208,780 | 9,846 | 0 | 108,673 | 6,083 |
| FAYETTEVILLE | Bank of Lincoln County | 17,200 | 13,555 | 102,419 | 1,320 | 8,316 | 140,170 | 120,219 | 626 | 0 | 19,325 | 871 |
| FRANKEWING | Bank of Frankewing | 35,520 | 9,748 | 175,912 | 3,304 | 11,014 | 228,890 | 198,436 | 3,142 | 0 | 27,312 | 876 |
| FRANKLIN | Franklin Synergy Bank | 96,786 | 1,243,405 | 2,023,679 | 18,689 | 96,034 | 3,441,215 | 2,759,761 | 333,891 | 104 | 347,459 | 18,355 |
| GALLATIN | Sumner Bank & Trust | 14,364 | 32,014 | 107,426 | 1,098 | 8,743 | 161,449 | 145,313 | 1,788 | 0 | 14,348 | 501 |
| GATES | Gates Banking and Trust Company | 722 | 27,384 | 13,762 | 306 | 2,589 | 44,151 | 38,616 | 310 | 0 | 5,225 | 202 |
| GERMANTOWN | First Capital Bank | 7,847 | 26,616 | 244,569 | 2,161 | 10,720 | 287,591 | 232,966 | 23,999 | 0 | 30,626 | 1,217 |
| GLEASON | Bank of Gleason | 6,896 | 72,977 | 36,549 | 829 | 2,754 | 118,347 | 92,257 | 723 | 0 | 25,367 | 707 |
| GREENEVILLE | Andrew Johnson | 19,147 | 34,455 | 286,089 | 5,036 | 14,201 | 348,856 | 312,547 | 1,008 | 0 | 35,301 | 1,751 |

| Bank | | (A) | (B) | (C) | (D) | (E) | (F) | (G) | (H) | (I) | (J) | |
|-----------------------|--|---------|---------|-------------|-------------------|--------------|--------------|-----------|-------------------|------|---------|------------|
| City | Institution | Cash | Invest | Total Loans | Loan Loss Reserve | Other Assets | Total Assets | Deposits | Other Liabilities | MIUS | CAPITAL | Net Income |
| HALLS | The Lauderdale County Bank | 5,934 | 18,800 | 23,568 | 288 | 2,260 | 50,274 | 44,373 | 704 | 0 | 5,197 | 146 |
| HARROGATE | Commercial Bank | 51,396 | 107,880 | 704,691 | 7,720 | 75,822 | 932,069 | 760,331 | 72,973 | 0 | 98,765 | 5,416 |
| HARTSVILLE | Citizens Bank | 6,668 | 29,861 | 165,607 | 2,466 | 12,372 | 212,042 | 181,669 | 8,656 | 0 | 21,717 | 1,120 |
| HENDERSON | Chester County Bank | 18,987 | 24,276 | 26,104 | 248 | 1,370 | 70,489 | 62,551 | 295 | 0 | 7,643 | 250 |
| HUNTINGDON | Carroll Bank and Trust | 9,394 | 27,643 | 209,080 | 1,683 | 25,894 | 270,328 | 242,737 | 906 | 0 | 26,685 | 791 |
| JACKSON | The Bank of Jackson | 3,107 | 103,705 | 58,629 | 1,097 | 7,077 | 171,421 | 144,458 | 9,149 | 0 | 17,814 | 720 |
| JACKSON | First South Bank | 77,139 | 91,704 | 253,557 | - | 61,464 | 483,864 | 386,060 | 22,888 | 0 | 74,916 | 1,078 |
| JAMESTOWN | Union Bank | 5,594 | 69,878 | 114,907 | 1,366 | 20,890 | 209,903 | 185,037 | 1,455 | 0 | 23,411 | 669 |
| JAMESTOWN | Progressive Savings Bank | 32,137 | 27,503 | 211,238 | 1,977 | 34,646 | 303,547 | 275,033 | 1,873 | 0 | 26,641 | 995 |
| JASPER | Tower Community Bank | 10,064 | 22,163 | 104,562 | 672 | 18,513 | 154,630 | 135,595 | 5,847 | 172 | 13,016 | 260 |
| JEFFERSON CITY | First Peoples Bank of Tennessee | 14,986 | 27,167 | 94,890 | 917 | 9,458 | 145,584 | 126,338 | 6,613 | 0 | 12,633 | 219 |
| JELICO | UBank | 5,940 | 17,560 | 40,227 | 578 | 4,312 | 67,461 | 57,619 | 773 | 0 | 9,069 | 325 |
| KINGSPORT | Bank of Tennessee | 21,372 | 168,241 | 854,143 | 7,674 | 86,932 | 1,123,014 | 899,914 | 123,880 | 0 | 99,220 | 6,306 |
| KNOXVILLE | Mountain Commerce Bank | 12,582 | 61,255 | 575,456 | 5,706 | 35,235 | 678,822 | 600,890 | 9,877 | 0 | 68,055 | 3,069 |
| KNOXVILLE | Clayton Bank & Trust | 24,208 | 46,608 | 791,042 | 17,505 | 35,664 | 880,017 | 655,594 | 60,329 | 0 | 164,094 | 17,153 |
| LA FOLLETTE | Peoples Bank of the South | 19,412 | 244 | 125,240 | 1,596 | 5,555 | 148,855 | 126,776 | 1,538 | 0 | 20,541 | 1,486 |
| LAFAYETTE | Citizens Bank of Lafayette | 36,490 | 308,528 | 523,822 | 7,614 | 44,561 | 905,787 | 696,035 | 112,607 | 0 | 97,145 | 4,810 |
| LAFAYETTE | Macon Bank and Trust Company | 15,578 | 202,860 | 147,660 | 2,597 | 20,931 | 384,432 | 324,726 | 10,731 | 0 | 48,975 | 1,549 |
| LAWRENCEBURG | Lawrenceburg Federal Bank | 1,940 | - | 56,056 | 201 | 3,795 | 61,590 | 45,744 | 1,737 | 0 | 14,109 | 275 |
| LEBANON | Wilson Bank and Trust | 106,352 | 347,033 | 1,742,247 | 23,323 | 120,319 | 2,292,628 | 2,022,447 | 11,431 | 0 | 258,750 | 13,784 |
| LEBANON | CedarStone Bank | 4,607 | 46,119 | 129,042 | 1,312 | 11,976 | 190,432 | 148,459 | 23,740 | 0 | 18,233 | 621 |
| LEBANON | First Freedom Bank | 36,691 | - | 346,551 | 4,235 | 41,686 | 420,693 | 347,721 | 29,469 | 0 | 43,503 | 1,924 |
| LEWISBURG | First Commerce Bank | 22,336 | 69,792 | 251,710 | 3,070 | 15,928 | 356,696 | 322,843 | 2,903 | 0 | 30,950 | 2,093 |
| LEXINGTON | Community Bank | 2,448 | 19,076 | 117,038 | 1,307 | 8,210 | 145,465 | 120,724 | 11,329 | 0 | 13,412 | 748 |
| LIVINGSTON | Union Bank & Trust Company | 5,623 | 17,351 | 58,242 | 1,002 | 3,233 | 83,447 | 72,357 | 322 | 0 | 10,768 | 923 |
| LIVINGSTON | American Bank & Trust of the Cumberlandands | 17,084 | 9,570 | 173,474 | 1,736 | 11,815 | 210,207 | 190,098 | 1,414 | 0 | 18,695 | 1,326 |
| LOBELVILLE | Bank of Perry County | 4,389 | 9,958 | 134,747 | 1,652 | 9,185 | 156,627 | 132,906 | 8,396 | 0 | 15,325 | 1,369 |
| MADISONVILLE | Volunteer Federal Savings Bank | 33,345 | 6,096 | 126,430 | 617 | 13,129 | 178,383 | 140,147 | 12,361 | 0 | 25,875 | 479 |
| MADISONVILLE | Peoples Bank of East Tennessee | 9,939 | 35,444 | 141,882 | 1,275 | 17,138 | 203,128 | 177,230 | 1,556 | 0 | 24,342 | 795 |
| MANCHESTER | Peoples Bank & Trust Company | 11,138 | 26,332 | 56,065 | 872 | 6,191 | 98,854 | 86,969 | 1,431 | 0 | 10,454 | 233 |
| MANCHESTER | Coffee County Bank | 15,563 | 11,215 | 145,155 | 2,168 | 4,747 | 174,512 | 150,347 | 4,196 | 0 | 19,969 | 2,159 |
| MARYVILLE | CBBC Bank | 27,092 | 135,427 | 176,005 | 3,084 | 10,031 | 345,471 | 292,358 | 2,678 | 0 | 50,435 | 1,074 |
| MARYVILLE | Foothills Bank & Trust | 6,965 | 49,849 | 144,112 | 2,345 | 7,731 | 206,312 | 183,749 | 2,123 | 0 | 20,440 | 795 |
| MC KENZIE | McKenzie Banking Company | 35,833 | 25,284 | 63,186 | 1,731 | 8,903 | 131,475 | 112,782 | 856 | 0 | 17,837 | 712 |
| MCMINNVILLE | Security Federal Savings Bank of McMinnville | 16,897 | 37,235 | 133,427 | 1,482 | 8,064 | 194,141 | 170,715 | 3,648 | 0 | 19,778 | 780 |
| MCMINNVILLE | Homeland Community Bank | 13,085 | 42,676 | 79,697 | 1,672 | 9,371 | 143,157 | 129,007 | 1,285 | 0 | 12,865 | 354 |
| MEMPHIS | Bank3 | 17,670 | 10,027 | 66,715 | 823 | 4,046 | 97,635 | 72,992 | 297 | 0 | 24,346 | (1,785) |
| MEMPHIS | Tri-State Bank of Memphis | 7,024 | 17,796 | 64,189 | 1,116 | 5,816 | 93,709 | 79,640 | 794 | 0 | 13,275 | (180) |
| MEMPHIS | Financial Federal Bank | 17,928 | 2,500 | 490,507 | 6,949 | 9,418 | 513,404 | 353,185 | 89,338 | 0 | 70,881 | 4,753 |
| MEMPHIS | Independent Bank | 53,097 | 12,070 | 816,593 | 9,323 | 145,543 | 1,017,980 | 837,935 | 63,387 | 0 | 116,658 | 4,904 |
| MEMPHIS | Paragon Bank | 6,400 | 45,704 | 297,304 | 4,530 | 12,647 | 357,525 | 288,780 | 31,307 | 0 | 37,438 | 1,280 |
| MEMPHIS | Triumph Bank | 14,748 | 109,293 | 507,612 | 5,704 | 14,812 | 640,761 | 529,120 | 50,743 | 0 | 60,898 | 2,815 |
| MILAN | The Bank of Milan | 4,967 | 24,734 | 35,557 | 216 | 3,366 | 68,408 | 59,036 | 2,885 | 0 | 6,487 | 279 |
| MILLINGTON | Patriot Bank | 3,019 | 166,748 | 128,341 | 2,079 | 19,277 | 315,306 | 268,678 | 16,806 | 0 | 29,822 | 1,566 |
| MOUNT JULIET | Souther Bank of Tennessee | 34,170 | 25,102 | 184,402 | 1,542 | 11,305 | 253,437 | 221,767 | 3,910 | 0 | 27,760 | 1,238 |
| MOUNTAIN CITY | Farmers State Bank | 4,001 | 40,618 | 86,854 | 1,084 | 12,044 | 142,433 | 117,732 | 3,063 | 0 | 21,638 | 487 |
| MOUNTAIN CITY | Johnson County | 10,838 | 41,384 | 63,882 | 621 | 6,676 | 122,159 | 100,908 | 3,354 | 0 | 17,897 | 595 |

| Bank | | (A) | (B) | (C) | (D) | (E) | (F) | (G) | (H) | (I) | (J) | |
|--------------|--|------------------|-------------------|-------------------|-------------------|------------------|-------------------|-------------------|-------------------|------------|------------------|----------------|
| City | Institution | Cash | Invest | Total Loans | Loan Loss Reserve | Other Assets | Total Assets | Deposits | Other Liabilities | MIUS | CAPITAL | Net Income |
| NASHVILLE | Citizens Savings Bank and Trust Company | 6,017 | 5,414 | 92,389 | 1,953 | 4,861 | 106,728 | 92,926 | 4,286 | 0 | 9,516 | 63 |
| NASHVILLE | InsBank | 20,561 | 20,039 | 349,318 | 4,169 | 30,066 | 415,815 | 327,959 | 43,908 | 0 | 43,948 | 1,384 |
| NASHVILLE | Pinnacle Bank | 537,811 | 2,446,664 | 14,860,408 | 61,944 | 2,982,313 | 20,765,252 | 15,800,346 | 1,169,625 | 123 | 3,795,158 | 84,711 |
| NASHVILLE | Truxton Trust Company | 18,366 | 89,110 | 294,558 | 3,047 | 16,944 | 415,931 | 347,489 | 23,417 | 0 | 45,025 | 2,760 |
| NASHVILLE | Civic Bank & Trust | 5,798 | 38,174 | 115,205 | 1,526 | 7,329 | 164,980 | 118,326 | 22,916 | 0 | 23,738 | 2,000 |
| NASHVILLE | CapStar Bank | 48,093 | 202,542 | 1,070,190 | 12,454 | 63,242 | 1,371,613 | 1,133,845 | 112,572 | 0 | 125,196 | (2,776) |
| NEW TAZEVELL | Citizens Bank | 8,260 | 11,020 | 171,904 | 1,931 | 7,525 | 196,778 | 179,255 | 1,673 | 0 | 15,850 | 836 |
| NEWBERN | Security Bank | 7,566 | 109,565 | 57,202 | 1,131 | 15,318 | 188,520 | 154,566 | 12,399 | 0 | 21,555 | 917 |
| NOLENSVILLE | Peoples State Bank | 17,415 | 33,535 | 99,502 | 1,444 | 10,742 | 159,750 | 139,489 | 802 | 0 | 19,459 | 524 |
| OAK RIDGE | TNBANK | 7,290 | 36,923 | 146,021 | 1,808 | 13,274 | 201,700 | 162,589 | 20,450 | 0 | 18,661 | 372 |
| OLTEWAH | Millennium Bank | 26,973 | 15,272 | 127,331 | 1,518 | 7,648 | 175,706 | 157,518 | 692 | 0 | 17,496 | 1,061 |
| PARIS | Commercial Bank & Trust Co. | 27,600 | 171,914 | 492,695 | 6,720 | 40,574 | 726,063 | 640,263 | 5,317 | 0 | 80,483 | 6,257 |
| PARIS | Security Bank and Trust Company | 13,143 | 67,994 | 232,163 | 598 | 26,189 | 338,891 | 297,509 | 6,090 | 0 | 35,292 | 4,822 |
| PARSONS | Farmers Bank | 14,261 | 3,866 | 18,313 | 261 | 1,294 | 37,473 | 32,600 | 185 | 0 | 4,688 | 143 |
| PIGEON FORGE | Tennessee State Bank | 51,375 | 113,041 | 447,245 | 4,980 | 48,898 | 655,579 | 582,112 | 6,491 | 0 | 66,976 | 2,655 |
| PIGEON FORGE | SmartBank | 82,893 | 132,762 | 865,115 | 5,498 | 66,073 | 1,141,345 | 994,629 | 26,727 | 0 | 119,989 | 4,160 |
| PIKEVILLE | First Farmers & Commercial Bank | 11,631 | 40,043 | 59,032 | 756 | 7,059 | 117,009 | 103,719 | 359 | 0 | 12,931 | 370 |
| PIPERTON | The Bank of Fayette County | 10,061 | 62,577 | 438,383 | 4,861 | 25,925 | 532,085 | 433,553 | 54,660 | 0 | 43,872 | 2,959 |
| PORTLAND | The Farmers Bank | 14,869 | 181,243 | 382,624 | 4,860 | 35,704 | 609,580 | 505,902 | 33,914 | 0 | 69,764 | 3,994 |
| PORTLAND | Volunteer State Bank | 19,441 | 28,718 | 500,143 | 4,862 | 51,689 | 595,129 | 456,693 | 79,486 | 0 | 58,950 | 4,293 |
| RIPLEY | Bank of Ripley | 14,769 | 118,408 | 75,140 | 943 | 12,516 | 219,890 | 185,327 | 2,405 | 0 | 32,158 | 646 |
| ROGERSVILLE | Civis Bank | 13,268 | 9,518 | 68,784 | 886 | 12,853 | 103,537 | 97,332 | 2,060 | 0 | 4,145 | 101 |
| ROGERSVILLE | First Community Bank of East Tennessee | 24,492 | 23,459 | 114,824 | 1,868 | 16,993 | 177,900 | 148,364 | 8,231 | 0 | 21,305 | 471 |
| RUTLEDGE | Citizens Bank and Trust Company of Grainger County | 6,404 | 131,647 | 61,119 | 741 | 10,452 | 208,881 | 173,274 | 679 | 0 | 34,928 | 928 |
| SARDIS | The Peoples Bank | 1,855 | 17,976 | 54,489 | 606 | 3,229 | 76,943 | 68,562 | 639 | 0 | 7,742 | 249 |
| SAVANNAH | The Hardin County Bank | 8,636 | 59,613 | 367,122 | 4,261 | 31,948 | 463,058 | 403,740 | 19,894 | 0 | 39,424 | 2,392 |
| SAVANNAH | Central Bank | 11,334 | 23,264 | 54,155 | 1,390 | 6,128 | 93,491 | 84,132 | 656 | 0 | 8,703 | 311 |
| SELMER | Home Banking Company | 6,948 | 47,834 | 34,925 | 356 | 6,252 | 95,603 | 85,048 | 1,071 | 0 | 9,484 | 240 |
| SEVIERVILLE | Sevier County Bank | 36,272 | 36,516 | 209,509 | 2,601 | 41,359 | 321,055 | 300,253 | 2,355 | 0 | 18,447 | (339) |
| SHELBYVILLE | First Community Bank of Tennessee | 20,955 | 71,956 | 351,968 | 2,267 | 68,633 | 511,245 | 294,717 | 158,755 | 0 | 57,773 | 1,962 |
| SHELBYVILLE | Peoples Bank of Middle Tennessee | 2,736 | 27,271 | 109,939 | 1,784 | 7,405 | 145,567 | 128,257 | 1,524 | 0 | 15,786 | 641 |
| SPRING CITY | First Bank of Tennessee | 29,637 | 16,999 | 244,287 | 2,947 | 11,048 | 299,024 | 246,814 | 20,518 | 0 | 31,692 | 2,332 |
| TAZEVELL | First Century Bank | 11,964 | 30,898 | 284,095 | 3,555 | 18,301 | 341,703 | 305,389 | 3,934 | 0 | 32,380 | 1,935 |
| TREZEVANT | Centennial Bank | 24,954 | 21,800 | 307,596 | 5,675 | 21,436 | 370,111 | 312,765 | 19,988 | 0 | 37,358 | 1,723 |
| TULLAHOMA | Southern Community Bank | 13,377 | 31,909 | 195,459 | 2,155 | 13,549 | 252,139 | 219,934 | 6,141 | 0 | 26,064 | 1,234 |
| TULLAHOMA | First Vision Bank of Tennessee | 10,221 | 31,775 | 154,315 | 1,970 | 11,218 | 205,559 | 180,524 | 1,864 | 0 | 23,171 | 978 |
| TULLAHOMA | American City Bank | 4,498 | 14,155 | 275,442 | 2,932 | 16,877 | 308,040 | 236,369 | 11,299 | 0 | 60,372 | 3,847 |
| WARTBURG | Citizens First Bank | 18,245 | 24,914 | 116,263 | 1,212 | 10,514 | 168,724 | 149,246 | 4,815 | 0 | 14,663 | 641 |
| WAYNESBORO | The Bank of Waynesboro | 14,365 | 19,044 | 109,001 | 1,615 | 9,767 | 150,562 | 128,838 | 742 | 0 | 20,982 | 1,092 |
| WAYNESBORO | Wayne County Bank | 17,535 | 36,266 | 226,010 | 4,896 | 32,590 | 307,505 | 258,637 | 7,045 | 0 | 41,823 | 1,633 |
| WINCHESTER | Citizens Community Bank | 25,024 | 43,318 | 143,062 | 3,328 | 14,040 | 222,116 | 193,677 | 2,808 | 0 | 25,631 | 1,730 |
| TOTAL | | 3,421,578 | 12,588,143 | 52,656,269 | 492,169 | 6,244,914 | 74,418,735 | 61,017,548 | 3,792,646 | 972 | 9,607,569 | 377,709 |

(A) Cash - Includes currency/coin, both interest-bearing and non-interest bearing balances due from depository institutions

(B) Investments - Investments owned: Includes securities, federal funds sold, and securities purchased under agreements to resell

(C) Total Loans - Includes all loans and lease financing receivables, net of unearned income

(D) Loan Loss Reserve - Allowance for Loan and Lease Losses

(E) Other Assets - Includes premises and fixed assets, trading assets, other real estate owned, investments in unconsolidated subsidiaries and associated companies, customer's liability to bank on acceptances outstanding, intangible assets, and assets not reportable elsewhere.

(F) Deposits - Includes all interest bearing and non-interest bearing customer deposits held.

(G) Other Liabilities - Includes federal funds purchased, securities sold under agreements to repurchase, demand notes issued to U.S. Treasury, mortgage indebtedness, obligations under capital leases, bank's liability on acceptances outstanding, and all other liabilities

(H) Minority Interest in Unconsolidated Subsidiaries

(I) Equity Capital - Includes preferred stock, common stock, surplus, undivided profits, and accumulated other comprehensive income

(J) Net Income - Income earned after all expenses, taxes, and extraordinary items

TENNESSEE STATE-CHARTERED BANKS KEY BANK RATIOS
As of June 30, 2017

| CITY | INSTITUTION | NET INCOME TO AVG TOTAL ASSETS RATIO (%) | LOANS TO ASSETS RATIO (%) | FOR LOAN LOSSES RATIO (%) | CAPITAL (LEVERAGE) RATIO (%) | TO DEPOSITS RATIO (%) | TO AVG TOTAL EQUITY RATIO (%) |
|--------------|---|---|---------------------------------|---------------------------------|------------------------------------|-----------------------------|--|
| ADAMSVILLE | Farmers & Merchants Bank | 0.94 | 52.97 | 2.01 | 11.34 | 59.94 | 8.16 |
| ASHLAND CITY | Community Bank & Trust | 0.82 | 55.14 | 1.71 | 9.95 | 67.04 | 8.53 |
| ATWOOD | Citizens Bank & Trust Company | 0.58 | 36.88 | 0.9 | 8.4 | 40.7 | 6.57 |
| BARTLETT | Bank of Bartlett | 0.49 | 54.74 | 1.11 | 6.93 | 61.1 | 6.47 |
| BELLS | Bank of Crockett | 1.51 | 31.34 | 1.29 | 10.77 | 35.7 | 13.78 |
| BOLIVAR | Merchants & Planters Bank | 0.71 | 56.41 | 1.75 | 12.44 | 67.91 | 5.7 |
| BRENTWOOD | Reliant Bank | 0.98 | 72.08 | 1.28 | 10.29 | 85.98 | 8.6 |
| BRIGHTON | Brighton Bank | 0.99 | 83.03 | 0.9 | 5.55 | 88.11 | 18.09 |
| BROWNSVILLE | INSOUTH Bank | 0.89 | 78.81 | 0.65 | 9.1 | 90.5 | 9.18 |
| BYRDSTOWN | People's Bank and Trust Company of Pickett County | 1.06 | 71.79 | 1.75 | 12.47 | 82.68 | 8.64 |
| CAMDEN | Apex Bank | 4.69 | 82.12 | 1.24 | 14.19 | 102.49 | 29.82 |
| CARTHAGE | Citizens Bank | 2.32 | 33.53 | 0.82 | 17.13 | 40.57 | 13.67 |
| CHATTANOOGA | First Volunteer Bank | 1.41 | 74.31 | 1.27 | 10.34 | 83.89 | 13.24 |
| CLARKSVILLE | F&M Bank | 0.78 | 82.75 | 0.25 | 9.07 | 102.08 | 6.76 |
| CLARKSVILLE | First Advantage Bank | 0.81 | 83.25 | 1.47 | 11.88 | 108.47 | 6.84 |
| CLARKSVILLE | Legends Bank | 0.79 | 71.51 | 1.01 | 9.73 | 81.15 | 8.11 |
| CLARKSVILLE | Cumberland Bank and Trust | 0.97 | 76.35 | 1.28 | 11.81 | 87.17 | 8.37 |
| CLEVELAND | Bank of Cleveland | 1.53 | 85.35 | 1.28 | 15.61 | 101.82 | 9.76 |
| CLIFTON | Peoples Bank | 0.92 | 75.04 | 1.08 | 9.25 | 85.68 | 10.18 |
| COLLIERVILLE | BankTennessee | 1.39 | 78.54 | 1.59 | 9.5 | 88.3 | 13.46 |
| COLLIERVILLE | Landmark Community Bank | 0.87 | 80.33 | 1.03 | 8.63 | 99.17 | 10 |
| COLUMBIA | First Farmers and Merchants Bank | 0.79 | 62.24 | 1.08 | 7.99 | 71.65 | 9.28 |
| COLUMBIA | Community First Bank & Trust | 0.68 | 63.98 | 1.2 | 9.15 | 71.36 | 6.99 |
| COLUMBIA | Heritage Bank & Trust | 0.96 | 74.01 | 1.89 | 9.97 | 85.2 | 9.94 |
| COOKEVILLE | Bank of Putnam County | 0.95 | 52.11 | 0.7 | 7.74 | 57.11 | 12.64 |
| COOKEVILLE | Putnam 1 st Mercantile Bank | 1.47 | 75.81 | 1.52 | 11.54 | 85.84 | 12.87 |
| CORDOVA | First Alliance Bank | 0.27 | 78.33 | 1.06 | 9.93 | 90.79 | 2.56 |
| DECATURVILLE | Decatur County Bank | 0.92 | 52.87 | 1.21 | 9.11 | 62.2 | 11.52 |

| CITY | INSTITUTION | NET INCOME TO AVG TOTAL ASSETS RATIO (%) | LOANS TO ASSETS RATIO (%) | FOR LOAN LOSSES RATIO (%) | CAPITAL (LEVERAGE) RATIO (%) | TO DEPOSITS RATIO (%) | TO AVG TOTAL EQUITY RATIO (%) |
|----------------|---------------------------------|--|---------------------------|---------------------------|------------------------------|-----------------------|-------------------------------|
| DICKSON | Bank of Dickson | 0.68 | 57.44 | 0.99 | 12.39 | 68.22 | 5.32 |
| DICKSON | TriStar Bank | 0.74 | 67.32 | 1.06 | 8.9 | 80.2 | 8.35 |
| DUNLAP | Mountain Valley Bank | 0.32 | 66.44 | 0.94 | 9.48 | 73.29 | 3.44 |
| DUNLAP | Citizens Tri-County Bank | 1.55 | 56.24 | 1.38 | 9.25 | 63.25 | 15.35 |
| DYER | The Farmers & Merchants Bank | -1.12 | 29.66 | 0.44 | 8.7 | 34.37 | -13.33 |
| ELIZABETHTON | Citizens Bank | 1.85 | 66.12 | 0.82 | 10.6 | 81.03 | 16.18 |
| ELIZABETHTON | Security Federal Bank | 0.87 | 68.17 | 1 | 15.68 | 92.5 | 5.25 |
| ERIN | Traditions First Bank | 0.72 | 60.74 | 0.88 | 11.1 | 69.14 | 6.66 |
| FARRAGUT | SouthEast Bank | 0.96 | 91.11 | 0.38 | 8.37 | 100.04 | 11.53 |
| FAYETTEVILLE | Bank of Lincoln County | 1.25 | 72.13 | 1.29 | 13.72 | 84.1 | 9.24 |
| FRANKEWING | Bank of Frankewing | 0.77 | 75.41 | 1.88 | 11.91 | 86.98 | 6.53 |
| FRANKLIN | Franklin Synergy Bank | 1.09 | 58.26 | 0.92 | 9.8 | 72.65 | 10.94 |
| GALLATIN | Sumner Bank & Trust | 0.62 | 65.86 | 1.02 | 8.82 | 73.17 | 7.21 |
| GATES | Gates Banking and Trust Company | 0.94 | 30.48 | 2.22 | 11.19 | 34.85 | 8.07 |
| GERMANTOWN | First Capital Bank | 0.84 | 84.29 | 0.88 | 10.64 | 104.05 | 8.87 |
| GLEASON | Bank of Gleason | 1.21 | 30.18 | 2.27 | 20.59 | 38.72 | 5.69 |
| GREENEVILLE | Andrew Johnson Bank | 1.01 | 80.56 | 1.76 | 10.03 | 89.92 | 10.17 |
| GREENEVILLE | Heritage Community Bank | 0.76 | 75.53 | 1.85 | 8.91 | 85.9 | 8.59 |
| GREENFIELD | Greenfield Banking Company | 0.7 | 79.66 | 1.09 | 12.15 | 95.18 | 5.87 |
| HALLS | Bank of Halls | 1.17 | 45.56 | 1.72 | 11.17 | 52.06 | 10.29 |
| HALLS | The Lauderdale County Bank | 0.59 | 46.31 | 1.22 | 10.24 | 52.46 | 5.76 |
| HARROGATE | Commercial Bank | 1.16 | 74.78 | 1.1 | 10.48 | 91.67 | 11.23 |
| HARTSVILLE | Citizens Bank | 1.06 | 76.94 | 1.49 | 10.23 | 89.8 | 10.67 |
| HENDERSON | Chester County Bank | 0.7 | 36.68 | 0.95 | 10.46 | 41.34 | 6.76 |
| HUNTINGDON | Carroll Bank and Trust | 0.58 | 76.72 | 0.8 | 9.62 | 85.44 | 6 |
| JACKSON | First South Bank | 1.76 | 52.4 | 0 | 9.16 | 65.68 | 13.33 |
| JACKSON | The Bank of Jackson | 0.85 | 33.56 | 1.87 | 9.75 | 39.83 | 8.52 |
| JAMESTOWN | Union Bank | 0.63 | 54.09 | 1.19 | 11.29 | 61.36 | 5.82 |
| JAMESTOWN | Progressive Savings Bank | 0.66 | 68.94 | 0.94 | 8.55 | 76.09 | 7.59 |
| JASPER | Tower Community Bank | 0.33 | 67.19 | 0.64 | 7.72 | 76.62 | 4.05 |
| JEFFERSON CITY | First Peoples Bank of Tennessee | 0.3 | 64.55 | 0.97 | 8.7 | 74.38 | 3.53 |
| JELICO | UBank | 0.99 | 58.77 | 1.44 | 13.21 | 68.81 | 7.3 |
| KINGSPORT | Bank of Tennessee | 1.17 | 75.36 | 0.9 | 8.89 | 94.04 | 13.32 |

| CITY | INSTITUTION | NET INCOME TO AVG TOTAL ASSETS RATIO (%) | LOANS TO ASSETS RATIO (%) | FOR LOAN LOSSES RATIO (%) | CAPITAL (LEVERAGE) RATIO (%) | TO DEPOSITS RATIO (%) | TO AVG TOTAL EQUITY RATIO (%) |
|---------------|--|---|---------------------------------|---------------------------------|------------------------------------|-----------------------------|--|
| KNOXVILLE | Mountain Commerce Bank | 0.95 | 83.93 | 0.99 | 10.2 | 94.82 | 9.24 |
| LAFAYETTE | Citizens Bank of Lafayette | 1.09 | 56.99 | 1.45 | 10.12 | 74.16 | 10.3 |
| LAFAYETTE | Macon Bank and Trust Company | 0.8 | 37.73 | 1.76 | 12.58 | 44.67 | 6.54 |
| LAWRENCEBURG | Lawrenceburg Federal Bank | 0.91 | 90.69 | 0.36 | 22.91 | 122.1 | 3.94 |
| LEBANON | Wilson Bank and Trust | 1.23 | 74.98 | 1.34 | 11.29 | 84.99 | 11.01 |
| LEBANON | CedarStone Bank | 0.68 | 67.07 | 1.02 | 10.11 | 86.04 | 6.92 |
| LEBANON | First Freedom Bank | 0.91 | 81.37 | 1.22 | 9.84 | 98.45 | 9 |
| LEWISBURG | First Commerce Bank | 1.2 | 69.71 | 1.22 | 8.68 | 77.02 | 13.45 |
| LEXINGTON | Community Bank | 1.07 | 79.56 | 1.12 | 9.25 | 95.86 | 11.49 |
| LIVINGSTON | Union Bank & Trust Company | 2.21 | 68.59 | 1.72 | 12.92 | 79.11 | 17.45 |
| LIVINGSTON | American Bank & Trust of the Cumberlands | 1.29 | 81.7 | 1 | 9.19 | 90.34 | 14.43 |
| LOBELVILLE | Bank of Perry County | 1.74 | 84.98 | 1.23 | 9.64 | 100.14 | 17.97 |
| MADISONVILLE | Peoples Bank of East Tennessee | 0.8 | 69.22 | 0.9 | 12.14 | 79.34 | 6.73 |
| MADISONVILLE | Volunteer Federal Savings Bank | 0.54 | 70.53 | 0.49 | 14.64 | 89.77 | 3.74 |
| MANCHESTER | Coffee County Bank | 2.55 | 81.94 | 1.49 | 11.59 | 95.1 | 22.03 |
| MANCHESTER | Peoples Bank & Trust Company | 0.49 | 55.83 | 1.56 | 10.76 | 63.46 | 4.55 |
| MARYVILLE | CCBC Bank | 0.63 | 50.05 | 1.75 | 14.93 | 59.15 | 4.38 |
| MARYVILLE | Foothills Bank & Trust | 0.77 | 68.71 | 1.63 | 9.84 | 77.15 | 7.86 |
| MC KENZIE | McKenzie Banking Company | 1.1 | 46.74 | 2.74 | 13.74 | 54.49 | 8.17 |
| MCMINNVILLE | Security Federal Savings Bank of | 0.8 | 67.96 | 1.11 | 10.22 | 77.29 | 8.01 |
| MCMINNVILLE | Homeland Community Bank | 0.51 | 54.5 | 2.1 | 9.15 | 60.48 | 5.73 |
| MEMPHIS | Bank3 | -4.4 | 67.49 | 1.23 | 26.49 | 90.27 | -14.65 |
| MEMPHIS | Tri-State Bank of Memphis | -0.38 | 67.31 | 1.74 | 12.69 | 79.2 | -2.69 |
| MEMPHIS | Financial Federal Bank | 1.92 | 94.19 | 1.42 | 14.03 | 136.91 | 13.7 |
| MEMPHIS | Independent Bank | 1 | 79.3 | 1.14 | 10.64 | 96.34 | 8.52 |
| MEMPHIS | Paragon Bank | 0.73 | 81.89 | 1.52 | 10.41 | 101.38 | 7.03 |
| MEMPHIS | Triumph Bank | 0.92 | 78.33 | 1.12 | 9.32 | 94.86 | 9.5 |
| MILAN | The Bank of Milan | 0.85 | 51.66 | 0.61 | 9.88 | 59.86 | 9.2 |
| MILLINGTON | Patriot Bank | 1.01 | 40.04 | 1.62 | 9.05 | 46.99 | 11.07 |
| MOUNT JULIET | Southern Bank of Tennessee | 1.01 | 72.15 | 0.84 | 10.27 | 82.46 | 9.18 |
| MOUNTAIN CITY | Farmers State Bank | 0.69 | 60.22 | 1.25 | 14.99 | 72.85 | 4.57 |

| MOUNTAIN CITY | Johnson County Bank | 0.97 | 51.79 | 0.97 | 14.12 | 62.69 | 6.82 |
|---------------|--|--|---------------------------|---------------------------|------------------------------|-----------------------|-------------------------------|
| NASHVILLE | FirstBank | 1.36 | 71.03 | 0.97 | 9.67 | 81.6 | 12.89 |
| CITY | INSTITUTION | NET INCOME TO AVG TOTAL ASSETS RATIO (%) | LOANS TO ASSETS RATIO (%) | FOR LOAN LOSSES RATIO (%) | CAPITAL (LEVERAGE) RATIO (%) | TO DEPOSITS RATIO (%) | TO AVG TOTAL EQUITY RATIO (%) |
| NASHVILLE | InsBank | 0.69 | 83.01 | 1.19 | 10.86 | 105.24 | 6.56 |
| NASHVILLE | Pinnacle Bank | 1.28 | 71.27 | 0.42 | 16.67 | 93.66 | 4.46 |
| NASHVILLE | Truxton Trust Company | 1.33 | 70.09 | 1.03 | 10.62 | 83.89 | 12.58 |
| NASHVILLE | Civic Bank & Trust | 2.35 | 68.9 | 1.32 | 13.78 | 96.07 | 17.5 |
| NASHVILLE | CapStar Bank | -0.41 | 77.12 | 1.16 | 8.85 | 93.29 | -4.64 |
| NEW TAZEVELL | Citizens Bank | 0.87 | 86.38 | 1.12 | 8.23 | 94.82 | 10.95 |
| NEWBERN | Security Bank | 1 | 29.74 | 1.98 | 11.06 | 36.28 | 8.91 |
| NOLENSVILLE | Peoples State Bank of Commerce | 0.66 | 61.38 | 1.45 | 12.18 | 70.3 | 5.49 |
| OAK RIDGE | TNBANK | 0.37 | 71.5 | 1.24 | 8.61 | 88.7 | 4.03 |
| OOLETEWAH | Millennium Bank | 1.27 | 71.6 | 1.19 | 10.31 | 79.87 | 12.13 |
| PARIS | Commercial Bank & Trust Co. | 1.72 | 66.93 | 1.36 | 10.44 | 75.9 | 16.06 |
| PARIS | Security Bank and Trust Company | 3.4 | 68.33 | 0.26 | 9.89 | 77.83 | 27.75 |
| PARSONS | Farmers Bank | 0.78 | 48.17 | 1.43 | 12.54 | 55.37 | 6.2 |
| PIGEON FORGE | Tennessee State Bank | 0.83 | 67.46 | 1.11 | 10.5 | 75.98 | 8.18 |
| PIGEON FORGE | SmartBank | 0.79 | 75.32 | 0.64 | 10.98 | 86.43 | 7.4 |
| PIKEVILLE | First Farmers & Commercial Bank | 0.64 | 49.8 | 1.28 | 11.09 | 56.19 | 5.76 |
| PIPERTON | The Bank of Fayette County | 1.2 | 81.48 | 1.11 | 8.62 | 99.99 | 14.44 |
| PORTLAND | The Farmers Bank | 1.3 | 61.97 | 1.27 | 11.26 | 74.67 | 11.81 |
| PORTLAND | Volunteer State Bank | 1.52 | 83.22 | 0.97 | 9.95 | 108.45 | 14.57 |
| RIPLEY | Bank of Ripley | 0.59 | 33.74 | 1.25 | 13.54 | 40.04 | 4.15 |
| ROGERSVILLE | Civis Bank | 0.19 | 65.58 | 1.29 | 4.04 | 69.76 | 4.97 |
| ROGERSVILLE | First Community Bank of East Tennessee | 0.52 | 63.49 | 1.63 | 11.29 | 76.13 | 4.43 |
| RUTLEDGE | Citizens Bank and Trust Company of Grainger County | 0.89 | 28.91 | 1.21 | 16.03 | 34.85 | 5.47 |
| SARDIS | The Peoples Bank | 0.65 | 70.03 | 1.11 | 10.01 | 78.59 | 6.58 |
| SAVANNAH | The Hardin County Bank | 1.06 | 78.36 | 1.16 | 8.77 | 89.87 | 12.77 |
| SAVANNAH | Central Bank | 0.64 | 56.44 | 2.57 | 9.04 | 62.72 | 7.37 |
| SELMER | Home Banking Company | 0.52 | 36.16 | 1.02 | 9.7 | 40.65 | 5.25 |
| SEVIERVILLE | Sevier County Bank | -0.21 | 64.45 | 1.24 | 5.77 | 68.91 | -3.68 |
| SHELBYVILLE | First Community Bank of Bedford County | 0.88 | 68.4 | 0.64 | 11.65 | 118.66 | 6.94 |

| SHELBYVILLE | Peoples Bank of Middle Tennessee | 0.89 | 74.3 | 1.62 | 11.03 | 84.33 | 8.22 |
|--|----------------------------------|--|---------------------------|---------------------------|------------------------------|-----------------------|-------------------------------|
| SPRING CITY | First Bank of Tennessee | 1.56 | 80.71 | 1.21 | 10.44 | 97.78 | 14.92 |
| TAZEWELL | First Century Bank | 1.16 | 82.1 | 1.25 | 9.26 | 91.86 | 12.33 |
| CITY | INSTITUTION | NET INCOME TO AVG TOTAL ASSETS RATIO (%) | LOANS TO ASSETS RATIO (%) | FOR LOAN LOSSES RATIO (%) | CAPITAL (LEVERAGE) RATIO (%) | TO DEPOSITS RATIO (%) | TO AVG TOTAL EQUITY RATIO (%) |
| TULLAHOMA | American City Bank of Tullahoma | 2.44 | 88.47 | 1.06 | 16.79 | 115.29 | 13.17 |
| TULLAHOMA | First Vision Bank of Tennessee | 0.98 | 74.11 | 1.28 | 11.29 | 84.39 | 8.51 |
| TULLAHOMA | Southern Community Bank | 1 | 76.67 | 1.1 | 9.89 | 87.89 | 9.75 |
| WARTBURG | Citizens First Bank | 0.78 | 68.19 | 1.04 | 8.81 | 77.09 | 8.99 |
| WAYNESBORO | The Bank of Waynesboro | 1.44 | 71.32 | 1.48 | 13.86 | 83.35 | 10.48 |
| WAYNESBORO | Wayne County Bank | 1.05 | 71.91 | 2.17 | 13.42 | 85.49 | 7.95 |
| WINCHESTER | Citizens Community Bank | 1.58 | 62.91 | 2.33 | 11.53 | 72.15 | 13.82 |
| Median Including All Institutions | | 0.92 | 69.08 | 1.22 | 10.33 | 81.38 | 8.53 |



**TENNESSEE STATE-CHARTERED TRUST COMPANIES
CONSOLIDATED BALANCE SHEET (IN THOUSANDS)**

| | June 30, 2017 | June 30, 2016 | \$ Change | % Change |
|---|---------------|----------------|---------------|----------------|
| ASSETS | | | | |
| Cash and Due from Banks | 52,045 | 46,974 | 5,071 | 10.80% |
| Securities and Investments | 2,432 | 3,073 | -641 | -20.86% |
| Premises and Fixed Assets | 2,001 | 2,067 | -66 | 3.19% |
| Intangible Assets | 22,932 | 34,891 | -11,959 | -34.28% |
| Other Assets | 16,789 | 14,224 | 2,565 | 18.03% |
| TOTAL ASSETS | 96,199 | 101,229 | -5,030 | -4.97% |
| LIABILITIES | | | | |
| Other Liabilities | 14,308 | 17,225 | -2,917 | -16.93% |
| TOTAL LIABILITIES | 14,308 | 17,225 | -2,917 | -16.93% |
| EQUITY CAPITAL | | | | |
| Common Stock | 9,093 | 8,151 | 942 | 11.56% |
| Less: Treasury Stock | 1,333 | 1,301 | 32 | 2.46% |
| Surplus | 5,350 | 4,890 | 460 | 9.41% |
| Additional Paid-in Capital | 63,452 | 63,232 | 220 | -0.35% |
| Undivided Profits | 5,329 | 9,032 | -3,703 | -41.00% |
| Unrealized Gains and | 0 | 0 | | |
| TOTAL EQUITY CAPITAL | 81,891 | 84,004 | -2,113 | -2.52% |
| TOTAL LIABILITIES AND EQUITY CAPITAL | 96,199 | 101,229 | -5,030 | -4.97% |
| Fee Income | 61,385 | 58,848 | 2,537 | 4.31% |
| NET FEE INCOME | 61,385 | 58,848 | 2,537 | 4.31% |
| Other Income | 53 | 22 | 31 | 140.91% |
| TOTAL INCOME | 61,438 | 58,870 | 2,568 | 4.36% |
| Operating Expenses | 46,186 | 42,276 | 3,910 | 9.25% |
| Advisor/Consulting Fees | 7,200 | 8,593 | -1,393 | -16.21% |
| Inter-Company Expense (Credit) | 1,011 | 678 | 333 | 49.12% |
| Securities (Gains) and Losses | 0 | 13 | -13 | |
| TOTAL OPERATING EXPENSES | 54,397 | 51,547 | 2,850 | 5.53% |
| Pre-Tax Net Operating | 7,041 | 7,323 | -282 | -3.85% |
| Less: | | | | |
| Applicable Income Taxes | 848 | 1,662 | -814 | -48.98% |
| Non-Operating Expenses | 2,359 | 2,160 | 199 | 9.21% |
| NET OPERATING INCOME | 3,834 | 3,501 | 333 | 9.51% |
| Extraordinary Gains/Losses | 0 | 0 | 0 | 0.00% |
| NET INCOME | 3,834 | 3,501 | 333 | 9.51% |

Note: Guardianship and Trust Company is not included in the figures above.

**TENNESSEE STATE-CHARTERED TRUST COMPANIES
STATEMENT OF CONDITION (IN THOUSANDS)**

| | (A) | (B) | (C) | (D) | (E) | (F) | (G) | (H) | (I) | (J) | |
|----------------------------------|-------------|---------------|---------------|---------------------|---------------------|--------------------------|-----------------------|-------------------|-------------------|--------------------------------|---------------------|
| Institution | City | Cash | Invest | Other Assets | Total Assets | Other Liabilities | Equity Capital | Net Income | TAUM | Common/Collective Funds | No. of Funds |
| Advocacy Trust of Tennessee, LLC | Chattanooga | 624 | 1,008 | 376 | 2,008 | 278 | 1,730 | 262 | 348,139 | 0 | 0 |
| First Mercantile Trust Company | Cordova | 41,508 | 0 | 20,804 | 62,312 | 2,795 | 59,517 | 488 | 2,921,962 | 2,277,974 | 139 |
| Meridian Trust and Investment | Knoxville | 523 | 400 | 794 | 1,717 | 114 | 1,603 | 893 | 660,051 | 0 | 0 |
| The Trust Company of Knoxville | Knoxville | 2,001 | 0 | 1,739 | 3,740 | 659 | 3,081 | 745 | 2,826,224 | 53,089 | 1 |
| Argent Trust and Investment | Nashville | 754 | 0 | 8,127 | 8,881 | 3,597 | 5,284 | 446 | 8,169,597 | 0 | 0 |
| Diversified Trust Company | Memphis | 3,879 | 0 | 5,379 | 9,258 | 5,217 | 4,041 | 0 | 6,046,823 | 1,749,073 | 11 |
| Cumberland Trust and Investment | Nashville | -85 | 0 | 4,139 | 4,054 | 1,305 | 2,749 | 427 | 2,734,249 | 0 | 0 |
| Equitable Trust Company | Nashville | 1,645 | 1,024 | 226 | 2,895 | 225 | 2,670 | 1,148 | 2,534,343 | 0 | 0 |
| Pendleton Square Trust Co., LLC | Nashville | 1,196 | 0 | 138 | 1,334 | 118 | 1,216 | -575 | 173,664 | 0 | 0 |
| Totals | | 52,045 | 2,432 | 41,722 | 96,199 | 14,308 | 81,891 | 3,834 | 26,415,052 | 4,080,136 | 151 |

Cash - Includes currency and coin, and both interest bearing and non-interest bearing balances due from depository institutions

Investments - Investments Owned

Other Assets - Includes premises and fixed assets, investments in unconsolidated subsidiaries, intangible assets, and all other assets

Total Assets - The sum of (A) through (C)

Other Liabilities - Includes all liabilities

Equity Capital - Includes preferred stock, common stock, treasury stock, debt capital, surplus, undivided profits, and all other capital reserves net of any unrealized holding gains (losses) on available for sale securities

Net Income - Income earned after all expenses, taxes, and extraordinary items

Total Assets Under Management - Total Discretionary and Non-Discretionary Assets Under Management and/or Custody inclusive of funds held in Common/Collective Funds

Common/Collective Funds - Assets held in Common and/or Collective Investment Funds trusted by company at market value

Number of Funds - Number of Common/Collective Funds

Note: Guardianship and Trust Company is not included.



COMPLIANCE DIVISION

The Department's Compliance Division is responsible for the licensing and examination of certain non-depository financial institutions and individuals doing business in Tennessee that are subject by law to regulatory oversight by the department:

- Check Cashing Companies
- Deferred Presentment Services Providers
- Flexible Credit Lenders
- Home Equity Conversion (Reverse) Mortgage Lenders
- Industrial Loan and Thrift Companies
- Insurance Premium Finance Companies
- Money Transmitters
- Residential Mortgage Lenders, Brokers and Servicers
- Residential Mortgage Loan Originators
- Title Pledge Lenders



ADMINISTRATION

Nicole Chamblee, CFE, Assistant Commissioner
Melody Johnson, Financial Analyst

Melanie Harper, Administrative Services Assistant

LICENSING

David Axford, JD, Chief Administrator
Carl Scott, CFSA, Director of Licensing
Stephen Henley, CPA, Director of Licensing
Luke Schroer, Financial Analyst

Harvie Franklin, III, Money Transmitter Compliance Officer
Mandy Heady, Financial Analyst
Steffany Daniel, Administrative Services Assistant 5

EXAMINATION

Jack Lay, Chief Administrator
Cathy Henry, Compliance Examination Supervisor

Patrick Somers, Compliance Examination Supervisor

EXAMINERS

Robert Campbell, Loan Examiner 4
Steve Cranor, Loan Examiner 4
Robert Doyle, Loan Examiner 4
Stephanie Dunn, Loan Examiner 3
Grant Gouveia, CFE, Loan Examiner 4
Marisa Graham, Loan Examiner 1
Chad Haney, Loan Examiner 4
Elizabeth Harrell, Loan Examiner 4

Kevin Hicks, Loan Examiner 4
Robert Hornbeak, Loan Examiner 3
Kerry Rial, Loan Examiner 4
Keith Sharp, Loan Examiner 3
James Simmons, Loan Examiner 4
Calvin Stout, Loan Examiner 3
Robert Walker, Loan Examiner 4
Mike Wiggins, Loan Examiner 4

Personnel Designation: CPA, Certified Public Accountant, JD, Doctor of Jurisprudence, CFSA, Certified Financial Services Auditor, CFE, Certified Fraud Examiner



Nashville Office Compliance Division



Compliance Division Examiners attending the 2017 Examiners Conference held in Gatlinburg, TN.

REGULATORY OVERSIGHT

In order to lawfully engage in business in Tennessee, each institution or individual must first obtain a license, certificate of registration or authorization from the department. All such applications are processed by the Compliance Division, which ensures that each applicant meets the minimum qualifications required by law in order to engage in such business.

Through a comprehensive examination program, licensed and registered entities are subject to periodic examination by the Compliance Division's examiners. Examinations are designed to test and enforce compliance with Tennessee laws, as well as certain federal laws and regulations such as the Real Estate Settlement Procedures Act and the Truth in Lending Act. These laws and regulations were promulgated in order to protect consumers by, among other things, limiting the amount of interest, loan charges and insurance charges that may be imposed, as well as providing for specific disclosures to the consumer regarding loan provisions. The Compliance Division's examiners also investigate consumer complaints and allegations of consumer fraud and usury.

Through 2,886 examinations and other methods of regulatory oversight of non-depository institutions, the department returned refunds in the amount of \$4,138,766.81 to consumers for the calendar year ending December 31, 2017. In addition, administrative enforcement actions initiated by the department resulted in civil monetary penalties of \$261,568.02.

FISCAL YEAR HIGHLIGHTS

- **RISK-FOCUSED EXAMINATION PROGRAM**

The department implemented a risk-focused examination program ("risk program") July 1, 2013, for Title Pledge, Check Cashing, and Deferred Presentment Services licensees. The program was expanded July 1, 2014, to include Industrial Loan and Thrift Company registrants, Residential Lending, Brokerage, and Servicing licensees, and Insurance Premium Finance licensees. Flexible Credit licensees were brought into the program on July 1, 2017.

The program utilizes a data sheet concept which resembles a scorecard method, like the risk scoring model used for credit scoring. Risk questions were derived from a study of the historical examination reports and other related regulatory information for each license type. This provided a logical and statistically sound basis for developing risk questions. The data sheet method provided a way for the department to compile, combine, and analyze the raw data to develop a risk rating.

Each licensee's data sheet was used to build a database of information for each license type. The data factors were then studied for their statistical relationship to risk of consumer harm. The database was used to develop an industry average by license type. Each licensee's score is then compared to the industry average by license type. The risk rating is then



determined by whether the licensee's score is below or above the industry average. This rating system allows the department to focus on licensees that appear to have the greatest risk. The risk program is intended and designed to identify potential risks to consumers. Through scheduling, we focus examiner resources on institutions and locations that present a greater level of risk while lessening the burden on institutions presenting the least level of risk by extending the period between exams.

The examination scheduling is based upon the risk rating. For Check Cashing, Deferred Presentment, Flexible Credit, Industrial Loan and Thrift, Insurance Premium Finance, and Title Pledge licensees, a "Low" rating would result in a scheduled examination in 15 to 18 months, a "Moderate" rating would result in a scheduled examination in 12 to 15 months, and a "High" rating would result in a scheduled examination within 9 to 12 months of the date of last examination. For Residential Lending, Brokerage, and Servicing licensees, a "Low" risk rating would result in a scheduled examination in 48 to 54 months, a "Moderate" rating would result in a scheduled examination in 30 to 36 months, and a "High" risk rating would result in a scheduled examination within 9 to 12 months of the date of last examination. The existing rating is updated at the beginning of each fiscal year, July 1 to June 30.

The program has provided some positive impacts to the regulated industries and to the Compliance Division as well.

- **EXAMINATION TIME REMAINED CONSTANT**

Prior to the implementation of the risk exam program, the Division showed an average examination time for non-mortgage to be one (1) day, and four (4) days for mortgage. The program goal was to keep the examination time the same or decrease it. The examinations were expanded, but we achieved the goal of keeping the examination time constant through examination efficiency improvements.

- **ESTIMATED EXAMINATION TIMES GIVEN TO COMPANIES**

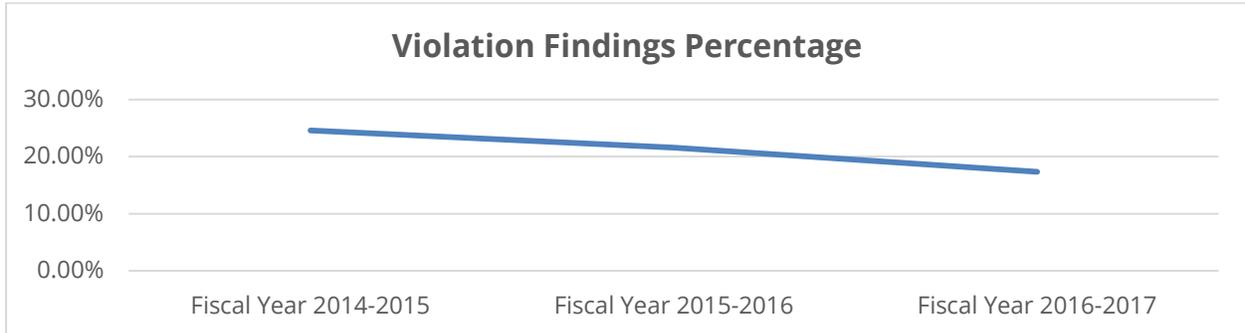
Through the yearly scheduling report that is sent to companies in early October, a listing of each location and its scheduled rating and estimated exam frequency is given. This provides companies with multiple locations the ability to determine an estimate of examination needs for the coming year.

- **DEPARTMENT EFFICIENCY**

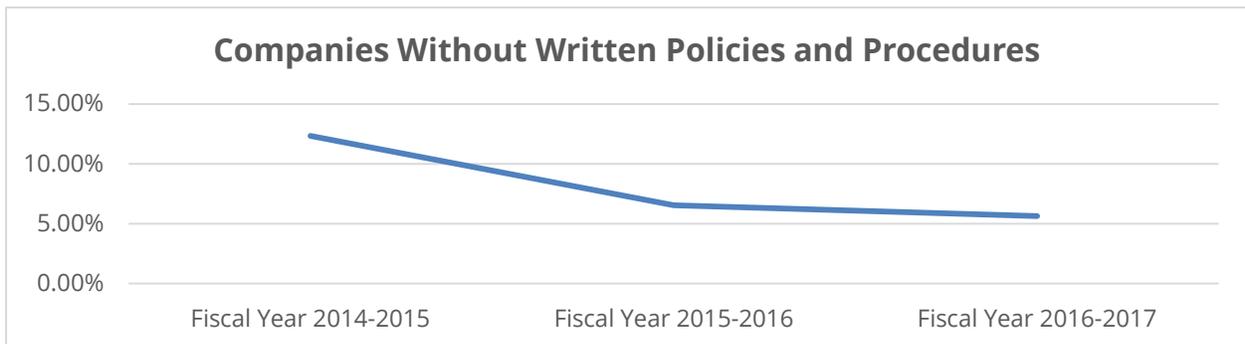
By deploying a risk-focused exam program, the department can be more efficient and effective in not only protecting the public but in also partnering with the industry to reduce risk to consumers. Our goal is to assist licensees to better understand their risk to consumers and to find ways to reduce that risk. The focus by some companies to establish or improve risk management systems is an important step toward risk reduction. The risk-focused program empowers the department to understand each company based on its risk profile rather than deploying a one-size-fits-all exam approach. This risk approach also permits the department to better manage the exam workforce rather than having to hire and lay off staff based on industry volatility.

- **INDUSTRY IMPROVEMENTS**

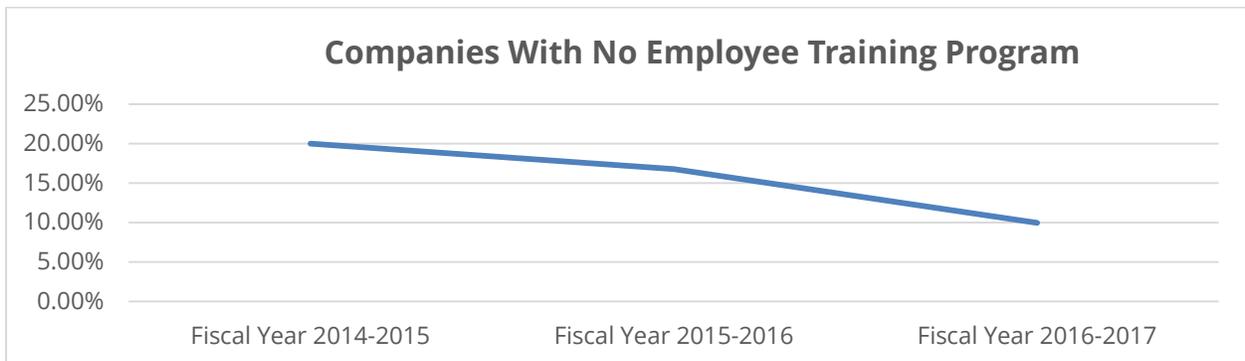
Year-over-year improvement can be traced back to positive trends demonstrated within the information collected during the examination process. We have seen year-over-year improvements in examination findings, use of written procedures, and employee training programs as shown in the graphic below. We have seen a decrease in licensees with violations from 24.6% to 17.3%.



We have seen the percentage of companies without policies and procedures shrink from 12.3% to 5.65%.



Companies improved on implementing employee training programs. Licensees without a training program shrank from 20.0% to 10.0%.



- **SUPERVISION FEE**

Public Chapter 736 of the Tennessee Public Acts of 2014 amended parts of Title 45 of the Tennessee Code relative to non-depository financial institutions regulated by the Compliance Division. Public Chapter 736 changed the way that licensees and registrants regulated by the Compliance Division are assessed licensing, registration and examination fees, combining those fees into an annual supervision fee. Each person regulated by the Compliance Division, except money transmitters and mortgage loan originators, is assessed an annual supervision fee, which is determined by the Commissioner annually, based on the department's budget as approved by the Administration and the General Assembly. The supervision fee includes the annual licensing or registration fee and the costs for a routine examination or investigation. Licensees and registrants continue to pay the actual expenses for out-of-state examinations and inspections. The supervision fee is paid with the filing of an application, whether a new or renewal application, and payment of the fee is a condition of obtaining the issuance or renewal of the license or registration. Money transmission licensees and mortgage loan originators are not assessed a supervision fee, but continue to pay fees which are required by statute. The supervision fee was phased in at different times during 2015 and is in full effect. The new fee structure will assist the department in implementing its risk-focused examination program for non-depository institutions, furthering the department's overarching goal of establishing an appropriate level of regulatory oversight to fulfill the department's obligations to consumers, but doing so in a manner so as to permit financial institutions to contribute to economic progress and to serve the needs of consumers.

CHECK CASHING COMPANIES

Check cashers, for a fee, provide currency in exchange for a payment instrument, such as a check. They are licensed under the Check Cashing Act of 1997, Tenn. Code Ann. §§ 45-18-101, et seq. Licensed check cashers may charge fees as follows: in general, no more than 5% of the face amount of the payment instrument or \$5, whichever is greater; for payment instruments for state public assistance or federal social security benefits, no more than 3% of the face amount or \$2, whichever is greater; and for personal checks or money orders, no more than 10% of the face amount or \$5, whichever is greater.



The requirements for licensure include a minimum net worth of \$25,000 for each location. Licenses under the Check Cashing Act expire on March 31 of each year and may be renewed by the filing of a renewal application on or before March 1. As of December 31, 2017, there were 557 check cashing locations licensed with the department. For calendar year 2017, the department conducted 430 examinations of check cashing businesses, resulting in refunds totaling \$12,643.89.

DEFERRED PRESENTMENT SERVICES PROVIDERS

Licensees under the Deferred Presentment Services Act, Tenn. Code Ann. §§ 45-17-101, et seq., may engage in the business of deferred presentment services. A deferred presentment service is a transaction involving, in exchange for a fee, the acceptance and payment by the licensee of a check and the holding of the check for a period of time prior to presentment for payment. Licensees may charge a fee of not more than 15% of the face amount of the check, and may not have outstanding more than two (2) checks from any one (1) customer at the same time, with the aggregate face value of all outstanding checks from any one (1) customer not to exceed \$500.

The requirements for licensure include having a minimum net worth of \$25,000 for each location. Licenses under the Deferred Presentment Services Act expire on December 31 of each year and may be renewed by the filing of a renewal application, through the Nationwide Multistate Licensing System (NMLS), between November 1 and December 31. As of December 31, 2017, there were 983 deferred presentment service locations licensed with the department. For calendar year 2017, the department conducted 717 examinations of deferred presentment service businesses, resulting in refunds totaling \$65,648.59.

- **ANNUAL REPORT INFORMATION**

By December 31st of each year, licensees are required by T.C.A. § 45-17-119 to file with the Commissioner of Financial Institutions an Annual Report covering the licensee's business activities as of the close of business on December 31st of the prior year. These reports include a balance sheet, statement of income and expense, as well as other statistical data. Following is a recapitulation of the 2016 annual reports, submitted by licensees with renewal applications, for the purpose of reflecting the general results of operations for the calendar year ending December 31, 2016.

- **ANNUAL REPORT INFORMATION FOR CALENDAR YEAR ENDING DECEMBER 31, 2016**

The following tabulation represents aggregate information from reports filed by 152 licensed companies. The department did not require an annual report from companies that opened after December, 2016.

- **STATEMENT OF ASSETS, LIABILITIES, AND EQUITY**

| | |
|-------------------|---------------|
| Total Assets | \$891,449,838 |
| Total Liabilities | \$552,762,657 |
| Net Worth | \$338,687,181 |

As of December 31, 2016, five (5) companies owned 85% of the industry's assets. This accounts for \$755,929,612 of the total reported assets of \$891,449,838. Fifty-five (55) companies reported assets greater than \$500,000; 71 companies had assets of between \$100,000 and \$500,000; and the remaining 26 showed total assets of less than \$100,000.

- **STATEMENT OF INCOME AND EXPENSES**

The following information was compiled from the statements of income and expenses for the period of January 1, 2016 to December 31, 2016.

| | |
|------------------------|---------------|
| Total Operating Income | \$134,319,327 |
| Salary Expense | \$35,791,417 |
| Bad Debt Expense | \$25,157,798 |
| Owners' Compensation | \$2,895,809 |
| Net Income* | \$23,282,750 |

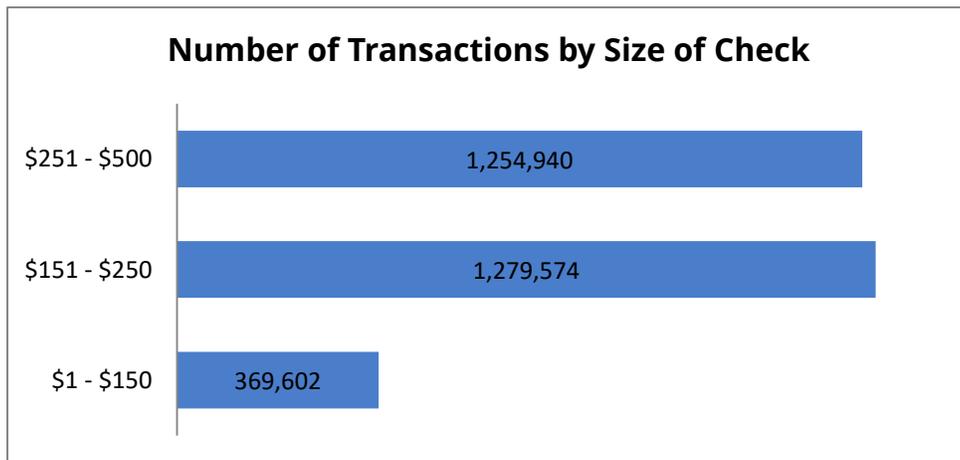
*Excluding Owners' Compensation

Of the 152 reporting companies, 39 reported operating losses and 16 reported net income of over \$100,000 for the period ending December 31, 2016. The average company made a profit of \$153,176. Salaries are a major company expense, amounting to about 27% of total operating income. The average salary expense for a reporting company was \$235,470. Losses on receivables constitute another major industry expense. Bad debt expense represented approximately 19% of total operating income.

- **TRANSACTIONAL DATA**

The following transactional data was reported for the reporting period ending December 31, 2016:

| | |
|---|---------------|
| Number of Transactions | 2,904,116 |
| Dollar Amount of Transactions During the Year | \$797,020,519 |
| Average Size of Receivable Transactions | \$274 |



FLEXIBLE CREDIT LENDERS

Businesses licensed under the Flexible Credit Act, Tenn. Code Ann. §§ 45-12-101, et seq., may offer “flex loans”. A flex loan plan means a written agreement subject to this chapter between a licensee and a customer establishing an open-end credit plan under which the licensee contemplates repeated noncommercial loans for personal, family or household purposes.

Flex loan plans may be unsecured or secured by personal property, and may be without fixed maturities or limitations as to the length of term. Flexible credit lenders may charge a periodic interest rate not to exceed 24% per annum, and a customary fee not to exceed a daily rate of 0.7% of the average daily principal balance in any billing cycle. No flex loan plan may have an outstanding principal balance in excess of \$4,000 at any time.



The requirements for licensure under the Flexible Credit Act include having a minimum net worth of \$50,000 for each location, and filing with the department a surety bond in the amount of \$25,000 for each location up to a maximum of \$200,000 for any one (1) licensee. Licenses under the Flexible Credit Act expire on December 31 of each year and may be renewed by filing a renewal application, through the Nationwide Multistate Licensing System (NMLS), between November 1 and December 31. As of December 31, 2017, there were 576 flexible credit locations licensed with the

Department. For calendar year 2017, the department conducted 247 examinations of flexible credit lenders, resulting in refunds totaling \$1,061,096.70.

ANNUAL REPORT INFORMATION FOR CALENDAR YEAR ENDING DECEMBER 31, 2016

Under T.C.A. § 45-12-122, the Commissioner shall prepare and submit to the governor and general assembly, annually, an analysis and recapitulation of the reports for the preceding calendar year for the purpose of reflecting the general results of operations under this chapter.

- **STATEMENT OF ASSETS, LIABILITIES, AND EQUITY**

The following tabulation represents aggregate information from the audited financial statements of 19 reporting entities.

| | |
|-------------------|---------------|
| Total Assets | \$304,022,112 |
| Total Liabilities | \$136,196,931 |
| Net Worth | \$167,825,181 |

As of December 31, 2016, five (5) companies owned 84% of the industry's assets. This accounts for \$254,569,702 of the total reported assets of \$304,022,112. Eleven (11) companies reported assets greater than \$500,000; whereas eight (8) companies had less than \$500,000 in assets.

- **STATEMENT OF INCOME AND EXPENSES**

The following tabulation represents aggregate information for the period ending December 31, 2016:

| | |
|------------------------|---------------|
| Total Operating Income | \$231,834,537 |
| Salary Expense | \$35,033,893 |
| Bad Debt Expense | \$53,942,837 |
| Owners' Compensation | \$3,407,042 |
| Net Income* | \$11,105,715 |

*Excluding Owners' Compensation

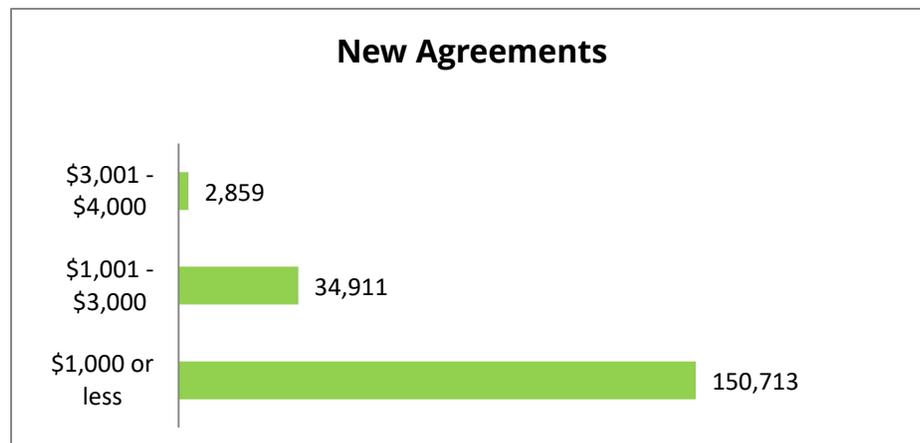
Of the 19 reporting companies four (4) reported operating losses. The average company made a profit of \$284,511.

Salaries are a major company expense, amounting to about 15% of total operating income. The average salary expense for a reporting company was \$1,843,889. Losses on receivables constitute another major industry expense. Bad debt expense represented approximately 23% of total operating income.

- **TRANSACTIONAL DATA**

| | |
|--|---------------|
| Number of New Agreements Entered Into for 2016 | 188,483 |
| Dollar Amount of New Agreements During 2016 | \$135,488,000 |

Distribution of 2016 New Agreements by Dollar Amount: (Maximum agreement amount= \$4,000)



HOME EQUITY CONVERSION MORTGAGE LENDERS

Home equity conversion mortgages, also known as reverse mortgages, are governed in Tennessee by the Home Equity Conversion Mortgage Act, Tenn. Code Ann. §§ 47-30-101, et seq. A business that makes home equity conversion mortgages must be licensed under the Tennessee Residential Lending, Brokerage and Servicing Act, Tenn. Code Ann. §§ 45-13-101, et seq. and must also be an authorized lender under the Home Equity Conversion Mortgage Act. All reverse mortgages issued in Tennessee must comply with all requirements for participation in the federal Department of Housing and Urban Development's (HUD) Home Equity Conversion Mortgage Program (or other similar federal reverse mortgage loan programs) and must be insured by the Federal Housing Agency or other similar federal agency.



The requirements for authorization include licensure under the Tennessee Residential Lending, Brokerage and Servicing Act, and proof of approval as a lender by the Department of Housing and Urban Development.

Authorized lenders are examined for compliance with the Home Equity Conversion Mortgage Act at the same time that they are examined for compliance under the Tennessee Residential Lending, Brokerage and Servicing Act. As of December 31, 2017, 52 lenders were authorized to make reverse mortgage loans.

INDUSTRIAL LOAN AND THRIFT COMPANIES (TILT)

The Tennessee Industrial Loan and Thrift (TILT) Companies Act, Tenn. Code Ann. §§ 45-5-101, et seq., was adopted for the stated purpose of allowing the citizens of Tennessee to have available the facilities and resources of regulated lending institutions to meet their needs for loans at rates and charges reasonably commensurate with economic realities. TILT companies are authorized to charge rates of interest higher than the rates currently authorized under Tennessee's general usury statutes. The requirements for registration under the TILT Act include having a minimum net worth of \$25,000 for each location from which business is conducted, and filing with the department a surety bond in the amount of \$200,000 if the business proposes to make residential mortgage loans, or \$50,000 otherwise. Registrations under the TILT Act expire on March 31 of each year and may be renewed by filing a renewal application on or before March 1. As of December 31, 2017, there were 1,098 TILT locations registered with the department. For the calendar year 2017, the department conducted 665 examinations of TILT companies resulting in refunds totaling \$750,049.10.

**INDUSTRIAL LOAN AND THRIFT COMPANIES
COMPOSITE ANNUAL REPORT
(Year Ending December 31, 2016)**

| | |
|---|--------------------|
| Number of Companies Included in This Report | 214 |
| Number of Offices Included in This Report | 1,080 |
| Number of Employees Included in This Report | 5,409 |
| RATE OF RETURN | |
| Average Monthly Gross Receivable (Industry) | \$1,946,827,630 |
| Average Monthly Gross Receivable (Location) | \$1,802,619 |
| Net Income (Industry) | \$43,824,284 |
| Net Income (Location) | \$40,578 |
| Rate of Return on Outstanding Receivables (Location) | 2.25% |
| ANALYSIS OF ACCOUNTS OUTSTANDING (MONTHLY AVERAGE) | |
| Average Number of Accounts Outstanding (Industry) | 712,791 |
| Average Number of Accounts Outstanding (Company) | 3,330 |
| Average Number of Accounts Outstanding (Location) | 660 |
| OTHER INFORMATION | |
| Number of Loans Outstanding at Beginning of Year | 754,638 |
| Dollar Amount of Loans Outstanding at Beginning of Year | \$1,767,588,991.13 |
| Average Amount per Loan Outstanding at Beginning of Year | \$2,342 |
| Number of Loans Made During the Year | 2,357,446 |
| Dollar Amount of Loans Made During the Year | \$2,748,083,992.35 |
| Average Amount per Loan Made | \$1,165 |
| Number of Loans Charged Off During the Year | 178,961 |
| Dollar Amount of Loans Charged Off During the Year | \$141,236,633.40 |
| Average Account Balance Charged Off | \$789 |
| Number of Loans Outstanding at Year End | 755,569 |
| Dollar Amount of Loans Outstanding at Year End | \$2,002,017,692.13 |
| Average Account Balance per Loan Outstanding at Year End | \$2,650 |



**INDUSTRIAL LOAN AND THRIFT COMPANIES COMPOSITE ANNUAL REPORT
ANALYSIS OF LOANS RECEIVABLE
(Year Ending December 31, 2016)**

| | |
|--|--------------------|
| Gross Loan Receivables Outstanding - January | \$1,923,124,141.44 |
| Gross Loan Receivables Outstanding - February | \$1,908,263,219.84 |
| Gross Loan Receivables Outstanding - March | \$1,917,397,412.05 |
| Gross Loan Receivables Outstanding - April | \$1,909,453,799.58 |
| Gross Loan Receivables Outstanding - May | \$1,956,198,470.83 |
| Gross Loan Receivables Outstanding - June | \$1,945,356,253.89 |
| Gross Loan Receivables Outstanding - July | \$1,951,210,818.96 |
| Gross Loan Receivables Outstanding - August | \$1,962,999,987.22 |
| Gross Loan Receivables Outstanding - September | \$1,971,760,403.07 |
| Gross Loan Receivables Outstanding - October | \$1,953,503,296.94 |
| Gross Loan Receivables Outstanding - November | \$1,968,588,003.22 |
| Gross Loan Receivables Outstanding - December | \$1,994,075,763.20 |

INSURANCE PREMIUM FINANCE COMPANIES

Persons engaged in the business of premium finance companies in Tennessee must be licensed under the Premium Finance Company Act of 1980, Tenn. Code Ann. §§ 56-37-101, et seq. Premium finance companies enter into agreements by which an insured or prospective insured promises to pay to the premium finance company the amount advanced or to be advanced under the agreement to an insurer or insurance agent or producing agent in payment of premiums of an insurance contract, together with interest and a service charge. A premium finance company may charge interest not to exceed a maximum effective rate of 24% per annum, and may charge on pre-computed loans a service charge in an amount equal to 4% of the total amount of the loan.

The requirements for licensure under the Premium Finance Company Act include the experience, training or education so as to be qualified in the business for which the license is required. As of December 31, 2017, there were 50 insurance premium finance companies licensed with the department. For calendar year 2017, the department conducted 22 examinations of insurance premium finance companies resulting in refunds totaling \$10,829.76.

MONEY TRANSMITTERS

The activities of Money Transmitter companies are governed by the Tennessee Money Transmitter Act of 1994, Tenn. Code Ann. §§ 45-7-101, et seq. There are exemptions that apply to certain government agencies, as well as business organizations. See Tenn. Code Ann. § 45-7-204.



The department continues to enhance its policies and procedures to ensure that they efficiently and effectively facilitate its statutory responsibility to ensure

certain consumer protections as well as to help provide a good business environment for legitimate industry. The department also continues to be an active participant in the Money Transmitter Regulatory Association and Conference of State Bank Supervisors to facilitate fulfillment of its responsibilities with respect to money transmission licensing and regulation.

Each applicant for a money transmitter license must demonstrate, and each licensee must maintain, a net worth of not less than \$100,000 computed according to generally accepted accounting principles. Persons transmitting, or proposing to transmit, money shall have an additional net worth of \$25,000 per additional location or agent located in Tennessee, as applicable, to a maximum of \$500,000. The applicant must demonstrate such experience, character, and general fitness as to command the confidence of the public and warrant the belief that the business will be operated lawfully and fairly. As of December 31, 2017, the division licensed 124 money transmitters. For calendar year 2017, the department conducted one (1) money transmitter examination and 16 examinations of money transmitters were conducted by the Multistate Money Transmitter Exam Team (MMET), of which the department is a member, or the examinations were conducted by other states and accepted by the MMET and the department. The Tennessee Money Transmitter Act authorizes the department to accept examinations of an agency of another state. Consumer refunds were made in the amount of \$1,123,232.80.

RESIDENTIAL MORTGAGE LENDERS, BROKERS AND SERVICERS

Residential mortgage lenders, brokers and servicers doing business in Tennessee must be licensed under the Tennessee Residential Lending, Brokerage and Servicing Act, Tenn. Code Ann. §§ 45-13-101, et seq. The requirements for licensure include having a minimum net worth of \$25,000, and filing with the department a surety bond in an initial amount of between \$90,000 and \$200,000 depending on the nature of the business to be conducted, and the bond is adjustable annually based on the dollar amount of Tennessee residential mortgage loans originated in the preceding calendar year. Licenses expire on December 31 of each year and may be renewed by the filing of a renewal application, through the Nationwide Multistate Licensing System (NMLS), between November 1 and December 31. As of December 31, 2017, there were 632 mortgage businesses licensed with the department. For the calendar year 2017, the department conducted 114 examinations of mortgage companies, resulting in refunds totaling \$965,619.99.



Licenses expire on December 31 of each year and may be renewed by the filing of a renewal application, through the Nationwide Multistate Licensing System (NMLS), between November 1 and December 31. As of December 31, 2017, there were 632 mortgage businesses licensed with the department. For the calendar year 2017, the department conducted 114 examinations of mortgage companies, resulting in refunds totaling \$965,619.99.

RESIDENTIAL MORTGAGE LOAN ORIGINATORS

Residential mortgage loan originators must also be licensed under the Tennessee Residential Lending, Brokerage and Servicing Act, Tenn. Code Ann. §§ 45-13-101, et seq. The requirements for licensure include the following: 20 hours of pre-licensure education, two (2) hours of which must be in Tennessee law; passing score on a national test with uniform state content; authorization for a

fingerprint based criminal background check through the FBI; authorization for a credit report from a national credit reporting agency. A mortgage loan originator license is not active unless the individual is also sponsored by a licensed mortgage lender or mortgage loan broker, and a mortgage loan originator is prohibited by law from providing origination services with an inactive license. Licenses expire on December 31 of each year and may be renewed by the filing of a renewal application, through the Nationwide Multistate Licensing System (NMLS), between November 1 and December 31. As of December 31, 2017, there were 13,454 mortgage loan originators licensed with the department. The department examines the work product of individual mortgage loan originators when it examines the sponsoring broker or lender.

TITLE PLEDGE LENDERS

The Tennessee Title Pledge Act, Tenn. Code Ann. §§ 45-15-101, et seq., governs the activities of title pledge lenders in Tennessee. A title pledge loan is a 30 day loan, which may be renewed, secured by the borrower's motor vehicle. Title pledge lenders may charge interest at a rate not to exceed 2% per month, and a customary fee of no more than 1/5 of the original principal amount of the loan or the unpaid balance due at the inception of any renewal. If a borrower fails to repay a loan, the lender may repossess and sell the vehicle, but the borrower is not personally liable for any deficiency balance.

Effective August 1, 2017, the department began using the National Multistate Licensing System (NMLS) to manage title pledge lender licenses. Through NMLS, entities can apply for, amend, and renew their Tennessee title pledge lender license authority conveniently and safely online.

NMLS is a secure, web-based system created by state regulators to provide efficiencies in the processing of state license and to improve supervision of state regulated industries. Through NMLS, companies maintain a single record which they use to apply for, maintain, renew, and surrender licenses in one (1) or more states.

More information about NMLS can be found at:

<http://mortgage.nationwidelicencingsystem.org/Pages/default.aspx>

The requirements for licensure under the Tennessee Title Pledge Act include having a minimum net worth of \$75,000 for each location, and filing with the department a surety bond in the amount of \$25,000 for each location up to a maximum of \$200,000 for any one (1) licensee. Licenses under the Tennessee Title Pledge Act expire on December 31 of each year and may be renewed by filing a renewal application on or before December 1. As of December 31, 2017, there were 830 title pledge locations licensed with the department. For the calendar year 2017, the department conducted 674 examinations of title pledge businesses resulting in refunds totaling \$149,645.98.

- **ANNUAL REPORT INFORMATION FOR CALENDAR YEAR ENDING DECEMBER 31, 2016**

The following tabulation represents aggregate information from reports filed by 91 licensed companies. The department did not require an annual report from companies that opened after December, 2016.

| | |
|-------------------|---------------|
| Total Assets | \$465,666,066 |
| Total Liabilities | \$63,525,973 |
| Net Worth | \$402,140,093 |

As of December 31, 2016, five (5) companies owned 76% of the industry's assets. This accounts for \$353,078,596 of the total reported assets of \$465,666,066. Forty (40) companies reported assets greater than \$500,000; 46 companies had assets of between \$100,000 and \$500,000; and the remaining five (5) reflected total assets of less than \$100,000.

- **STATEMENT OF INCOME AND EXPENSES**

The following information was compiled from the statements of income and expenses for the period of January 1, 2016 to December 31, 2016.

| | |
|------------------------|---------------|
| Total Operating Income | \$145,447,512 |
| Salary Expense | \$27,599,930 |
| Bad Debt Expense | \$41,938,885 |
| Owners' Compensation | \$2,572,876 |
| Net Income* | \$23,912,527 |

*Excluding Owners' Compensation

Of the 91 reporting companies, 20 reported operating losses and 10 reported net income of over \$100,000 for the period ending December 31, 2016. The average company made a profit of \$262,775.

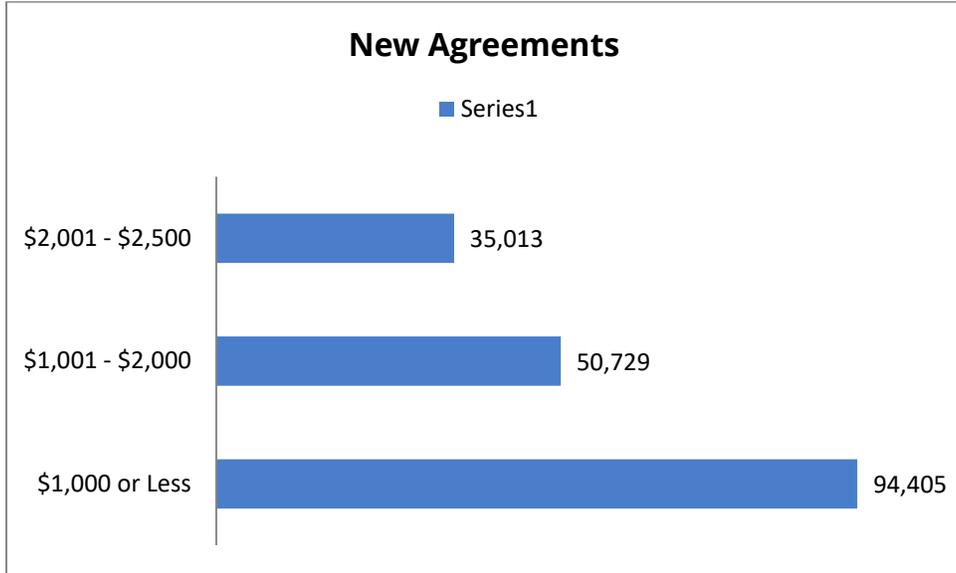
Salaries are a major company expense, amounting to about 19% of total operating income. The average salary expense for a reporting company was \$303,296. Losses on receivables constitute another major industry expense. Bad debt expense represented approximately 29% of total operating income.

- **TRANSACTIONAL DATA**

The following transactional data was reported for the reporting period ending December 31, 2016:

| | |
|---|---------------|
| Number of New Agreements Entered Into for 2016 | 180,147 |
| Dollar Amount of New Agreements During 2016 | \$167,114,168 |
| Number of Defaults | 414,693 |
| Number of Repossessions | 16,524 |
| Total Surplus Amount Returned to Customers after Sale of Repossessed Vehicles | \$464,713 |

Distribution of 2016 New Agreements by Dollar Amount: (Maximum agreement amt. = \$2,500)



| | |
|--|---------|
| Number of Customers Holding Agreements Outstanding as of December 31, 2016 | 118,889 |
| Number of Customers who Deferred a Principal Payment Reduction in 2016 | 24,197 |



CREDIT UNION DIVISION

The Credit Union Division is responsible for the supervision and examination of state-chartered natural-person and corporate credit unions. Credit union examiners perform safety and soundness examinations for each state-chartered credit union and Volunteer Corporate Credit Union to determine compliance with governing laws and regulations. Evaluations of each credit union's assets, liabilities, income and expenses are performed to assess the solvency of the institution. They also perform investigations as a result of complaints filed with the Department's Consumer Resources Section.

Collectively, the 84 natural-person credit unions regulated by the Credit Union Division have assets of approximately \$11.1 billion. The return on average assets was 1.04%. Individually, the institutions present a vast array of asset sizes, field of membership and services.

Volunteer Corporate Credit Union (VolCorp), located in Nashville, Tennessee continues to meet the financial service needs of natural-person credit unions, whether state or federally-chartered. VolCorp is a \$1.3 billion corporate credit union that serves more than 351 member credit unions in Tennessee and other states. Primary offerings include traditional correspondent services such as investments, item processing, security safekeeping, consulting services and web design.

The Credit Union Division remains accredited by the National Association of State Credit Union Supervisors (NASCUS). The NASCUS accreditation was re-certified in June 2015 (for another five-year period). Additionally, eligible division examiners and supervisors have met comprehensive criteria for NASCUS examination certifications. This certification program provides recognition to superior state credit union examiners and encourages continued professional development through the certification's required continuing education hours.

The primary responsibility of the Credit Union Division is to provide the people of Tennessee with a safe and sound system of credit unions by ensuring compliance with governing law, while giving institutions the opportunity to contribute to the economic progress of Tennessee.





Credit Union Examiners with Commissioner Gonzales (far right) and Deputy Commissioner Miller (center)

ADMINISTRATION

Tina G. Miller, Deputy Commissioner
 Anthony Rogers, Safety and Soundness Chief
 Administrator

Jennifer Meade, Administrative Services
 Assistant 3

EXAMINATION PERSONNEL

West Tennessee District

Randall Means, CSCUES, Credit Union Examiner 5
 Josh Evans, Credit Union Examiner 4

Robert Heisse, Credit Union Examiner 4
 Dana R. Owen, CFE, CEIC, CISE, Credit Union
 Examiner 4

Middle Tennessee District

Steve Eddings, CFE, CSCUE, CEIC, Credit Union
 Examiner 5
 Matthew Adkison, Credit Union Examiner 4

Jim Eller, Credit Union Examiner 4
 Derek Quarles, Credit Union Examiner 1

East Tennessee District

Brian Williams, Safety and Soundness Supervisor
 George Goodwin, Credit Union Examiner 4
 Shane Hardin, CFE, CSCUE Credit Union Examiner 5

William Justice, Credit Union Examiner 4
 Dwight Ward, Credit Union Examiner 4

Personnel Designation: CEIC, Certified Examiner-in-Charge; CFE, Certified Fraud Examiner; CISE, Certified Information Systems Examiner; CSCUE, Certified State Credit Union Examiner; CSCUES, Certified State Credit Union Examiner Supervisor

CREDIT UNION TRANSACTIONS

July 1, 2016 – June 30, 2017

Mergers/Liquidations

- Knoxville News Sentinel Credit Union merged with and into New South Credit Union (12/31/2016)
- Employment Security Credit Union merged with and into Tennessee Employees Credit Union (05/01/2017)
- There were no credit union liquidations during the fiscal year.

Name Changes

- There were no credit union name changes during the fiscal year.

Principal Address Change

- Olivet Baptist Credit Union changed its principal office to 10000 Woodland Hills Drive, Cordova, Tennessee (03/31/2017)

New Branches/Branch Relocations

- Kingsport Press Credit Union – Approval to relocate branch to 102 N. Sneedville Pike, Rogersville, Tennessee (08/08/2016)
- Horizon Credit Union – Approval to establish a branch at 130 Main Street, Mt. Carmel, Tennessee (12/11/2016)
- Eastman Credit Union – Approval to establish a branch at The Meadows Development, Parcel 1, Abingdon, Virginia (12/16/2016)
- Mountain States Credit Union – Approval to establish a branch at 1102 and 1106 W. Market Place, Johnson City, Tennessee (01/24/2017)
- Heritage South Credit Union – Approval to establish a branch at 941 Sgt. Asbury Hawn Way, Smyrna, Tennessee (04/18/2017)
- Leaders Credit Union – Approval to establish a branch at 15432 First South Street, Milan, Tennessee (04/27/2017)

Approval to Close/Sell Branches

- Mountain States Credit Union – Approval to close branch located at 1021 W. Oakland Avenue, Johnson City, Tennessee (01/24/2017)

Field of Membership Application Approvals

- Vanderbilt University Credit Union – Approval to add Vanderbilt University Medical Center employees (10/12/2016)
- Leaders Credit Union – Approval to add persons who live, work, worship or attend school in certain census tracts of Carroll, Crockett and Gibson Counties in Tennessee (12/15/2016)
- First South Financial Credit Union – Approval to add certain areas of the Nashville MSA as a separate community group (03/09/2017)
- Pathway Credit Union – Approval to add Church of God members in Tennessee (05/03/2017)
- Leaders Credit Union – Approval to add members of the Boys and Girls Club of Jackson-Madison County, Inc. (05/18/2017)

- Lakeside Employees Credit Union – Approval to expand community charter to include Benton and Dickson Counties (06/08/2017)

TENNESSEE STATE-CHARTERED CREDIT UNIONS KEY RATIOS

| | FYE 6/30/2016 | FYE 6/30/2017 |
|--|------------------|------------------|
| CAPITAL ADEQUACY | | |
| Net Worth/Total Assets | 12.85% | 12.67% |
| Net Worth/Total Assets--Including Optional Total Assets Election (if used) | 12.86% | 12.68% |
| Total Delinquent Loans / Net Worth | 2.07% | 2.13% |
| Solvency Evaluation (Estimated) | 114.85% | 114.64% |
| Classified Assets (Estimated) / Net Worth | 4.59% | 4.24% |
| ASSET QUALITY | | |
| Delinquent Loans / Total Loans | 0.37% | 0.36% |
| *Net Charge-Offs / Average Loans | 0.30% | 0.32% |
| Fair (Market) HTM Invest Value/Book Value HTM Invest. | 100.35% | 99.98% |
| Accum Unreal G/L On AFS/Cost Of AFS | 0.31% | -0.80% |
| Delinquent Loans / Assets | 0.27% | 0.27% |
| EARNINGS | | |
| *Return On Average Assets | 1.01% | 1.04% |
| *Gross Income/Average Assets | 4.77% | 4.87% |
| *Yield on Average Loans | 4.44% | 4.35% |
| *Yield on Average Investments | 0.91% | 1.10% |
| * Fee & Other Op. Income / Avg. Assets | 1.38% | 1.41% |
| *Cost of Funds / Avg. Assets | 0.44% | 0.48% |
| *Net Margin / Avg. Assets | 4.33% | 4.39% |
| *Operating Exp./ Avg. Assets | 3.18% | 3.14% |
| *Provision For Loan & Lease Losses / Average Assets | 0.16% | 0.23% |
| *Net Interest Margin/Avg. Assets | 2.95% | 2.99% |
| Operating Exp./Gross Income | 66.62% | 64.4% |
| Fixed Assets & Foreclosed & Repossessed Assets / Total Assets | 2.53% | 2.39% |
| *Net Operating Exp. /Avg. Assets | 2.42% | 2.39% |
| ASSET / LIABILITY MANAGEMENT | | |
| Net Long-Term Assets / Total Assets | 33.21% | 33.83% |
| Reg. Shares / Total Shares & Borrowings | 32.66% | 32.85% |
| Total Loans / Total Shares | 84.51% | 88.07% |
| Total Loans / Total Assets | 71.77% | 74.75% |
| Cash + Short-Term Investments / Assets | 15.86% | 14.84% |
| Total Shares, Dep. & Borrowings / Earning Assets | 91.14% | 91.14% |
| Reg. Shares + Share Drafts / Total Shares & Borrowings | 48.69% | 49.72% |

| | FYE 6/30/2016 | FYE 6/30/2017 |
|---|--------------------------|--------------------------|
| Borrowings / Total Shares & Net Worth | 1.62% | 1.79% |
| PRODUCTIVITY | | |
| Members / Potential Members | 6.68% | 6.94% |
| Borrowers / Members | 55.21% | 56.14% |
| Members / Full-Time Employees | 351.12% | 348.27% |
| Avg. Shares Per Member | \$9,245 | \$9,641 |
| Avg. Loan Balance | \$14,151 | \$15,124 |
| * Salary And Benefits / Full-Time Empl. | \$64,339 | \$65,869 |
| OTHER RATIOS | | |
| * Net Worth Growth | 7.09% | 8.20% |
| * Market (Share) Growth | 7.92% | 11.12% |
| * Loan Growth | 9.11% | 13.73% |
| * Asset Growth | 7.89% | 11.31% |
| * Investment Growth | 3.64% | 3.73% |
| * Membership Growth | 3.57% | 5.18% |
| * Annualized ratios | | |

TENNESSEE STATE-CHARTERED CREDIT UNIONS CONSOLIDATED BALANCE SHEET

| | FYE 6/30/2016 | FYE 6/30/2017 | % Change |
|--|----------------------|----------------------|-----------------|
| ASSETS | | | |
| CASH: | | | |
| Cash On Hand | 104,859,466 | 113,456,006 | 8.20% |
| Cash On Deposit | 911,221,100 | 861,522,963 | -5.45% |
| Cash Equivalents | 54,346,646 | 79,437,595 | 46.17% |
| TOTAL CASH & EQUIVALENTS | 1,070,427,212 | 1,054,416,564 | -1.50% |
| INVESTMENTS: | | | |
| Trading Securities | 0 | 0 | N/A |
| Available for Sale Securities | 321,224,218 | 317,813,368 | -1.06% |
| Held-to-Maturity Securities | 271,204,756 | 272,635,516 | 0.53% |
| Deposits in Commercial Banks, S&Ls, Savings Banks | 656,846,540 | 572,308,434 | -12.87% |
| Loans to, Deposits in, and Investments in Natural Person Credit Unions | 60,125,115 | 65,653,745 | 9.20% |
| Total MCSD/Non-perpetual Contributed Capital and PIC/Perpetual Contributed Capital | 27,059,471 | 27,063,287 | 0.01% |
| All Other Investments in Corporate CUs | 14,433,987 | 12,677,338 | -12.17% |

| | FYE 6/30/2016 | FYE 6/30/2017 | % Change |
|--|----------------------|----------------------|-----------------|
| All Other Investments | 52,442,934 | 50,936,880 | -2.87% |
| TOTAL INVESTMENTS | 1,403,337,021 | 1,319,088,568 | -6.00% |
| | | | |
| LOANS HELD FOR SALE | 1,883,144 | 2,393,186 | 27.08% |
| | | | |
| LOANS AND LEASES: | | | |
| Unsecured Credit Card Loans | 238,522,656 | 250,331,354 | 4.95% |
| All Other Unsecured Loans/Lines of Credit | 278,717,008 | 287,681,923 | 3.22% |
| Payday Alternative Loans (PAL Loans) (FCUs only) | 0 | 0 | N/A |
| Non-Federally Guaranteed Student Loans | 61,092,105 | 61,952,412 | 1.41% |
| New Vehicle Loans | 1,292,230,143 | 1,599,238,287 | 23.76% |
| Used Vehicle Loans | 1,413,862,168 | 1,644,482,738 | 16.31% |
| Leases Receivable | 976,516 | 0 | -100.00% |
| All Other Secured Non-Real Estate Loans/Lines of Credit | 476,056,521 | 509,731,859 | 7.07% |
| Total Loans/Lines of Credit Secured by 1st Lien 1-4 Family Residential Properties | 3,262,848,585 | 3,644,417,350 | 11.69% |
| Total Loans/Lines of Credit Secured by Junior Lien 1-4 Family Residential Properties | 317,775,804 | 326,691,849 | 2.81% |
| All Other Real Estate Loans/Lines of Credit | N/A | N/A | N/A |
| Commercial Loans/Lines of Credit Real Estate Secured | N/A | N/A | N/A |
| Commercial Loans/Lines of Credit Not Real Estate Secured | N/A | N/A | N/A |
| TOTAL LOANS & LEASES | 7,342,081,506 | 8,324,527,772 | 13.38% |
| | | | |
| (ALLOWANCE FOR LOAN & LEASE LOSSES): | (60,429,409) | (59,790,999) | -1.06% |
| Foreclosed Real Estate | 9,718,731 | 8,788,566 | -9.57% |
| Repossessed Autos | 2,020,550 | 2,326,214 | 15.13% |
| Foreclosed and Repossessed Other Assets | 87,396 | 135,214 | 54.71% |
| TOTAL FORECLOSED and REPOSSESSED ASSETS : | 11,826,677 | 11,249,994 | -4.88% |
| Land and Building | 215,005,851 | 222,293,830 | 3.39% |
| Other Fixed Assets | 28,140,748 | 28,655,617 | 1.83% |
| NCUA Share Insurance Capitalization Deposit | 79,267,161 | 84,879,266 | 7.08% |
| Identifiable Intangible Assets | 27,043 | 32,020 | 18.40% |
| Goodwill | 353,527 | 361,667 | 2.30% |
| TOTAL INTANGIBLE ASSETS: | 380,570 | 393,687 | 3.45% |
| Accrued Interest on Loans | 17,795,342 | 18,943,746 | 6.45% |
| Accrued Interest on Investments | 2,399,969 | 2,355,532 | -1.85% |
| Non-Trading Derivative Assets, net | 1,546,328 | 0 | -100.00% |
| All Other Assets | 116,686,097 | 127,293,243 | 9.09% |

| | FYE 6/30/2016 | FYE 6/30/2017 | % Change |
|---|-----------------------|-----------------------|----------|
| TOTAL OTHER ASSETS | 138,427,736 | 148,592,521 | 7.34% |
| TOTAL ASSETS | 10,230,348,217 | 11,136,700,006 | 8.86% |
| TOTAL CU's | 86 | 84 | -2.33% |
| LIABILITIES, SHARES AND EQUITY | | | |
| LIABILITIES: | | | |
| Other Borrowings | N/A | N/A | N/A |
| Other Notes, Promissory Notes, Interest Payable, & Draws Against Lines of Credit | 162,265,603 | 194,337,557 | 19.77% |
| Borrowing Repurchase Transactions | 0 | 0 | N/A |
| Subordinated Debt | 0 | 0 | N/A |
| Uninsured Secondary Capital and Subordinated Debt Included in Net Worth | 90,000 | 90,000 | N/A |
| Non-Trading Derivative Liabilities, net | 0 | 0 | N/A |
| Accrued Dividends and Interest Payable | 1,032,036 | 1,054,273 | 2.15% |
| Accounts Payable & Other Liabilities | 88,148,414 | 105,764,175 | 19.98% |
| TOTAL LIABILITIES | 251,536,053 | 301,246,005 | 19.76% |
| SHARES AND DEPOSITS: | | | |
| Share Drafts | 1,418,983,895 | 1,627,713,711 | 14.71% |
| Regular Shares | 2,890,702,263 | 3,168,479,087 | 9.61% |
| Money Market Shares | 1,317,848,774 | 1,356,936,350 | 2.97% |
| Share Certificates | 2,155,092,684 | 2,343,908,642 | 8.76% |
| IRA/KEOGH Accounts | 721,510,106 | 751,826,605 | 4.20% |
| All Other Shares | 92,964,017 | 104,572,130 | 12.49% |
| Non-Member Deposits | 91,187,536 | 98,734,521 | 8.28% |
| TOTAL SHARES AND DEPOSITS | 8,688,289,275 | 9,452,171,046 | 8.79% |
| EQUITY: | | | |
| Undivided Earnings | 865,606,617 | 915,547,956 | 5.77% |
| Regular Reserves | 391,296,881 | 439,248,376 | 12.25% |
| Appropriation For Non-Conforming Investments (SCU Only) | 0 | 0 | N/A |
| Other Reserves | 24,923,575 | 19,895,264 | -20.17% |
| Equity Acquired in Merger | 20,065,161 | 23,204,969 | 15.65% |
| Miscellaneous Equity | 15,800 | 20,237 | 28.08% |
| Accumulated Unrealized G/L on AFS Securities | 993,472 | -2,565,823 | -358.27% |
| Accumulated Unrealized Losses for OTTI (due to other factors) on HTM Debt Securities | 0 | 0 | N/A |
| Accumulated Unrealized G/L on Cash Flow Hedges | 0 | 0 | N/A |

| | FYE 6/30/2016 | FYE 6/30/2017 | % Change |
|--|-----------------------|-----------------------|----------|
| Other Comprehensive Income | -25,863,437 | -26,209,276 | 1.34% |
| Net Income * | 13,484,820 | 14,141,252 | 4.87% |
| EQUITY TOTAL | 1,290,522,889 | 1,383,282,955 | 7.19% |
| | | | |
| TOTAL SHARES & EQUITY | 9,978,812,164 | 10,835,454,001 | 8.58% |
| | | | |
| TOTAL LIABILITIES, SHARES, & EQUITY | 10,230,348,217 | 11,136,700,006 | 8.86% |
| | | | |
| NCUA INSURED SAVINGS: | | | |
| Uninsured Shares | 428,767,559 | 498,934,623 | 16.36% |
| Uninsured Non-Member Deposits | 4,869,718 | 4,977,314 | 2.21% |
| Total Uninsured Shares & Deposits | 433,637,277 | 503,911,937 | 16.21% |
| Insured Shares & Deposits | 8,254,651,998 | 8,948,259,109 | 8.40% |
| | | | |
| TOTAL NET WORTH | 1,315,306,852 | 1,411,829,799 | 7.34% |

*Note: The Net Income shown in the Equity section of the Consolidated Balance Sheet will not reconcile to the Net Income shown on the Consolidated Income Statement. This is due to the fact that credit unions are not required to close out their accounting records on a quarterly basis, only on a year-end basis.

TENNESSEE STATE-CHARTERED CREDIT UNIONS CONSOLIDATED INCOME STATEMENT

| | FYE 6/30/2016 | FYE 6/30/2017 | % Change |
|--|--------------------|--------------------|----------|
| INCOME AND EXPENSE | | | |
| | | | |
| INTEREST INCOME: | | | |
| Interest on Loans | 159,385,612 | 175,341,715 | 9.10% |
| Less Interest Refund | (0) | (0) | N/A |
| Income from Investments | 10,663,480 | 12,339,741 | 13.58% |
| Income from Trading | 0 | 0 | N/A |
| TOTAL INTEREST INCOME | 170,049,092 | 187,681,456 | 9.39% |
| | | | |
| INTEREST EXPENSE: | | | |
| Dividends | 8,182,724 | 8,703,241 | 5.98% |
| Interest on Deposits | 12,422,366 | 15,626,528 | 20.50% |
| Interest on Borrowed Money | 1,291,446 | 1,536,125 | 15.93% |
| TOTAL INTEREST EXPENSE | 21,896,536 | 25,865,894 | 15.35% |
| | | | |
| PROVISION FOR LOAN & LEASE LOSSES | 8,053,032 | 12,326,156 | 34.67% |
| | | | |
| NET INTEREST INCOME AFTER PLL | 140,099,524 | 149,489,406 | 6.28% |

| | FYE 6/30/2016 | FYE 6/30/2017 | % Change |
|--|--------------------|--------------------|---------------|
| NON-INTEREST INCOME: | | | |
| Fee Income | 37,876,987 | 40,723,983 | 6.99% |
| Other Operating Income | 31,501,560 | 35,557,216 | 11.41% |
| Gain (Loss) on Investments | 52,657 | -47,575 | 210.68% |
| Gain (Loss) on Non-Trading Derivatives | 0 | 0 | N/A |
| Gain (Loss) on Disposition of Assets | -317,709 | 484,172 | 165.62% |
| Gain from Bargain Purchase (Merger) | 21,847 | 17,650 | -23.78% |
| Other Non-Oper Income/(Expense) | 812,683 | 218,970 | -271.14% |
| NCUSIF Stabilization Income | 0 | 0 | N/A |
| TOTAL NON-INTEREST INCOME | 69,948,025 | 76,954,416 | 9.10% |
| | | | |
| NON-INTEREST EXPENSE | | | |
| Total Employee Compensation & Benefits | 86,102,003 | 92,710,320 | 7.13% |
| Travel, Conference Expense | 1,431,330 | 1,428,765 | -0.18% |
| Office Occupancy | 9,579,246 | 10,011,613 | 4.32% |
| Office Operation Expense | 34,069,849 | 35,389,383 | 3.73% |
| Educational and Promotion | 4,968,039 | 5,443,399 | 8.73% |
| Loan Servicing Expense | 7,284,081 | 8,215,970 | 11.34% |
| Professional, Outside Service | 11,996,614 | 12,436,593 | 3.54% |
| Member Insurance | N/A | N/A | N/A |
| Member Insurance - NCUSIF Premium | 3,165 | 133,922 | 97.64% |
| Member Insurance - Temporary Corporate CU Stabilization Fund | 0 | 0 | N/A |
| Member Insurance - Other | 71,309 | 72,219 | 1.26% |
| Operating Fees | 1,254,054 | 1,224,543 | -2.41% |
| Misc Operating Expense | 2,742,374 | 2,917,040 | 5.99% |
| TOTAL NON-INTEREST EXPENSE | 159,502,064 | 169,983,767 | 6.17% |
| | | | |
| NET INCOME (LOSS) EXCLUDING STABILIZATION EXPENSE AND NCUSIF PREMIUMS | 50,548,650 | 56,593,977 | 10.68% |
| | | | |
| NET INCOME (LOSS) | 50,545,485 | 56,460,055 | 10.48% |
| | | | |
| RESERVE TRANSFERS: | | | |
| Transfer to Regular Reserve | 13,952,042 | 22,541,338 | 38.10% |

**TENNESSEE STATE-CHARTERED CREDIT UNIONS
GROUPED BY ASSET SIZE
(ROUNDED TO NEAREST HUNDRED THOUSANDTHS)**

| CREDIT UNION ASSET SIZE RANGE | # OF CREDIT UNIONS - CURRENT YEAR | CURRENT YEAR - TOTAL ASSETS | PERCENTAGE OF CREDIT UNIONS IN GROUP |
|---------------------------------------|-----------------------------------|-----------------------------|--------------------------------------|
| \$250,000 OR LESS | 1 | \$50,000 | 1.18 |
| \$250,001 TO \$500,000 | 1 | \$452,000 | 1.18 |
| \$500,001 TO \$1,000,000 | 1 | \$984,000 | 1.18 |
| \$1,000,001 TO \$5,000,000 | 11 | \$25,100,000 | 12.94 |
| \$5,000,001 TO \$10,000,000 | 9 | \$61,600,000 | 10.59 |
| \$10,000,001 TO \$50,000,000 | 33 | \$826,700,000 | 38.80 |
| \$50,000,001 TO \$100,000,000 | 12 | \$830,200,000 | 14.12 |
| \$100,000,001 TO \$200,000,000 | 6 | \$882,600,000 | 7.06 |
| \$200,000,001 TO \$500,000,000 | 7 | \$2,280,100,000 | 8.24 |
| \$500,000,001 AND OVER | 4 | \$7,524,900,000 | 4.71 |
| TOTAL | 85 | \$12,432,686,000 | 100 |

84 Without Corporate Credit Union

\$11,136,700,000



TENNESSEE STATE-CHARTERED CREDIT UNIONS ASSETS
(As of June 30, 2017)

| Credit Union | Address | City | Zip | Assets |
|--|--------------------------------|--------------|------------|-----------------|
| A.U.B. EMPLOYEES' | P. O. Box 874 | Athens | 37371-0874 | \$1,751,651 |
| AGILITY FINANCIAL | 495 Union Avenue | Memphis | 38103-3217 | \$10,126,654 |
| APPLIANCE | P.O. BOX 1057 | Cleveland | 37364 | \$12,136,527 |
| BCBST EMPLOYEES | 1 Cameron Hill Circle | Chattanooga | 37402 | \$10,647,087 |
| BOWATER EMPLOYEES | P.O. Box 359 | Calhoun | 37309-0359 | \$156,421,349 |
| CEMC EMPLOYEES | P.O. BOX 3300 | Clarksville | 37043 | \$3,204,347 |
| CHATTANOOGA FEDERAL EMPLOYEES | P.O. BOX 22205 | Chattanooga | 37422-2205 | \$45,012,583 |
| CITY EMPLOYEES | 1720 Western Avenue | Knoxville | 37921 | \$78,094,861 |
| CN/IC EMPLOYEES | 2005 Nonconnah Blvd Suite 7 | Memphis | 38132 | \$7,773,374 |
| COLLEGEDALE | P.O. Box 2098 | Collegedale | 37315 | \$43,485,580 |
| CONSUMER | 3634 E Andrew Johnson Hwy | Greeneville | 37745 | \$413,982,487 |
| CORNERSTONE FINANCIAL | P.O. Box 120729 | Nashville | 37212-0729 | \$333,788,390 |
| CREDIT UNION FOR ROBERTSON COUNTY | 2416 Memorial Blvd | Springfield | 37172 | \$52,573,352 |
| DIXIE LINE | 567 Verita Street | Nashville | 37211 | \$10,964,466 |
| EASTMAN | P. O. Box 1989 | Kingsport | 37662 | \$3,904,088,529 |
| ELECTRIC SERVICE | 2340 Jackson Downs Blvd | Nashville | 37214 | \$65,598,434 |
| EMPLOYEE RESOURCES | P.O. Box 987 | Lawrenceburg | 38464-4455 | \$87,745,575 |
| EPB EMPLOYEES | 1500 McCallie Avenue | Chattanooga | 37404-2937 | \$28,839,518 |
| FIRST CHOICE COMMUNITY | 100 N 17th Street | Knoxville | 37921-6750 | \$38,097,404 |
| FIRST SOUTH FINANCIAL | 6471 Stage Road Suite 200 | Bartlett | 38134 | \$548,541,669 |
| GALLATIN STEAM PLANT | 1499 Steam Plant Road | Gallatin | 37066 | \$5,017,384 |
| GATEWAY | 100 Otis Smith Drive | Clarksville | 37043-8939 | \$11,338,713 |
| GREATER EASTERN | P.O. Box 5130 | Johnson City | 37602 | \$53,300,498 |
| GREENEVILLE CITY EMPLOYEES' | 310 S Main Street Suite 3 | Greeneville | 37743-6176 | \$10,026,540 |
| GREENEVILLE WORKS EMPLS. SAV. ASSN. | P.O. Box 1790 | Greeneville | 37744 | \$2,188,288 |
| HAPPY VALLEY | P.O. Box 1838 | Elizabethton | 37644 | \$30,211,897 |
| HARDIN COUNTY HOSPITAL EMPLOYEES | 935 Wayne Road | Savannah | 38372 | \$1,276,342 |
| HEALTH SYSTEMS | 4005 N Broadway Street | Knoxville | 37917-3106 | \$5,705,649 |
| HEALTHCARE SERVICES | 946 E 3rd Street | Chattanooga | 37403-2101 | \$19,717,959 |

| Credit Union | Address | City | Zip | Assets |
|---|------------------------------------|---------------------|------------|-----------------|
| HERITAGE SOUTH COMMUNITY | P. O. Box 1219 | Shelbyville | 37162 | \$190,131,585 |
| HOLLEY | P.O. Box 398 | Paris | 38242 | \$54,576,922 |
| HORIZON | 1201 N Eastman Road | Kingsport | 37664-3163 | \$46,388,589 |
| HURD EMPLOYEES | 200 W Church Street | Greeneville | 37745-3806 | \$3,201,151 |
| JACK DANIEL EMPLOYEES | P.O. Box 199 | Lynchburg | 37352 | \$30,988,170 |
| JOHNSONVILLE TVA EMPLOYEES | 209 Highway 641 N | Camden | 38320 | \$97,363,581 |
| KIMBERLY CLARK | 1520 N 2nd Street | Memphis | 38107-1004 | \$111,340,797 |
| KINGSFORT PRESS | 528 W Center Street | Kingsport | 37660 | \$68,256,514 |
| KINGSTON TVA EMPLOYEES | 714 Swan Pond Road | Harriman | 37748 | \$2,234,463 |
| KNOX CO. EMPLOYEES | 400 W Main Street Room 355 | Knoxville | 37902 | \$10,024,717 |
| KNOXVILLE TVA EMPLOYEES | 301 Wall Avenue, P.O. Box 15994 | Knoxville | 37901 | \$1,776,363,367 |
| LAKESIDE EMPLS. | 1008 Broadway | New Johnsonville | 37134 | \$39,029,739 |
| LANGSTON BAG CO. EMPLS. SAV. ASSN. | 1760 S 3rd Street | Memphis | 38109-7712 | \$49,704 |
| LEADERS | 87 Murray Guard Drive | Jackson | 38305 | \$327,514,319 |
| LIFE | 2010 Church St Suite 204 | Nashville | 37203-2078 | \$34,864,425 |
| LIFEWAY | 1 Lifeway Plaza | Nashville | 37234-0193 | \$45,549,449 |
| LOWLAND | 622 W 1st North Street | Morristown | 37814 | \$95,876,859 |
| M.P.D. COMMUNITY | 2711 Old Lebanon Road | Nashville | 37214 | \$27,570,823 |
| MARYVILLE MUNICIPAL | 321 W Broadway Avenue | Maryville | 37801 | \$15,528,982 |
| MCNAIRY COUNTY EMPLOYEES | 105 N Oak Street, P.O. Box 867 | Adamsville | 38310 | \$1,422,095 |
| MEMORIAL | 6800 Longview Road | Chattanooga | 37421 | \$7,797,311 |
| MEMPHIS CITY EMPLOYEES | 2608 Avery Avenue | Memphis | 38112-4821 | \$276,177,078 |
| METROPOLITAN TEACHERS | 1605 Jefferson Street | Nashville | 37208 | \$2,744,899 |
| MID EAST TENNESSEE COMMUNITY | 17640 State Highway 58 N | Decatur | 37322 | \$12,077,072 |
| MOUNTAIN STATES | 400 N State of Franklin Road | Johnson City | 37604 | \$18,978,171 |
| N.G.H. | 1818 Albion Street | Nashville | 37208-2918 | \$6,492,073 |
| NASHVILLE FIREMEN'S | 908 Woodlands Street | Nashville | 37206 | \$23,840,880 |
| NASHVILLE POST OFFICE | P.O. Box 291233 | Nashville | 37229 | \$69,972,099 |
| NEW SOUTH | 3261 N Mall Road | Knoxville | 37924 | \$55,515,176 |

| Credit Union | Address | City | Zip | Assets |
|--|-----------------------------|--------------|------------|-----------------|
| NORTHEAST COMMUNITY | 980 Jason Witten Way | Elizabethton | 37643 | \$116,744,014 |
| O.M.C. EMPLOYEES' | P.O. Box 828 | Charleston | 37310 | \$27,846,368 |
| OLD HICKORY | P.O. Box 431 | Old Hickory | 37138 | \$230,576,147 |
| OLIVET BAPTIST | 3084 Southern Avenue | Memphis | 38111-3205 | \$451,863 |
| P.I.A.S. | 305 Plus Park Blvd | Nashville | 37217 | \$5,472,158 |
| PATHWAY | P.O. Box 2035 | Cleveland | 37320 | \$5,348,521 |
| PATRIOT EQUITY | 1450 Union University Drive | Jackson | 38305 | \$29,605,163 |
| SCENIC COMMUNITY | 4503 Hixson Pike | Hixson | 37343 | \$122,009,939 |
| SKYLINE | 3443 Dickerson Pike #G10 | Nashville | 37207-2528 | \$17,240,747 |
| SMART CHOICE | 1075 Blythe Ave SE | Cleveland | 37311-2948 | \$3,314,650 |
| SMITH & NEPHEW EMPLOYEES | 1450 E Brooks Road | Memphis | 38116 | \$8,635,607 |
| SOUTHEAST FINANCIAL | 220 South Royal Oaks | Franklin | 37064 | \$381,720,724 |
| SOUTHERN | P.O. Box 3490 | Chattanooga | 37404 | \$22,737,195 |
| ST. THOMAS | 4230 Harding Pike Suite 103 | Nashville | 37205 | \$26,660,764 |
| TENNESSEE DEPARTMENT OF SAFETY | 1150 Foster Avenue | Nashville | 37243-4400 | \$9,372,540 |
| TENNESSEE EMPLOYEES | P.O. Box 198617 | Nashville | 37219-8617 | \$27,658,693 |
| THE TENNESSEE | 1400 8th Avenue South | Nashville | 37203 | \$316,335,954 |
| THE WEST TENNESSEE | 2521 Fite Road | Memphis | 38127 | \$17,491,801 |
| TIMES FREE PRESS | 400 E 11th St | Chattanooga | 37403 | \$1,919,136 |
| TNCONNECT | P.O. Box 52990 | Knoxville | 37950 | \$51,281,068 |
| U. S. T. C. EMPLOYEES | P.O. Box 331908 | Nashville | 37203-7510 | \$1,858,126 |
| UPS EMPLOYEES | 1814 E Brooks Road | Memphis | 38116 | \$22,171,396 |
| US COMMUNITY | P.O. Box 140570 | Nashville | 37214 | \$185,924,785 |
| VANDERBILT UNIVERSITY EMPLOYEES | P.O. Box 128426 | Nashville | 37212 | \$40,414,419 |
| VOLUNTEER CORPORATE | 2460 Atrium Way | Nashville | 37214 | \$1,295,947,898 |
| WCG EMPLOYEES | P.O. Box 284 | Martin | 38237 | \$983,550 |
| WILLIS | 26 Century Blvd Suite 3 | Nashville | 37214-3683 | \$19,397,498 |

